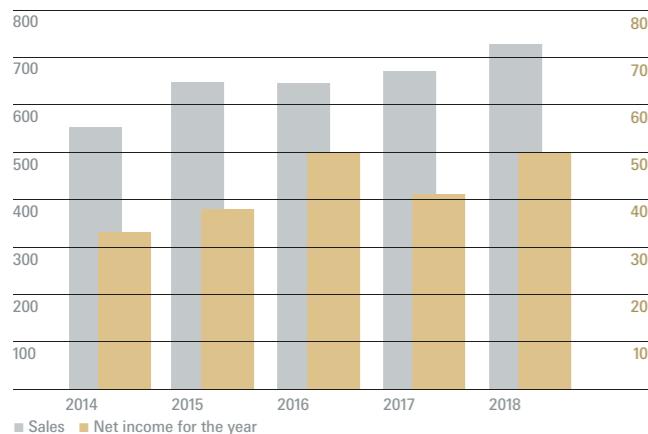


faces

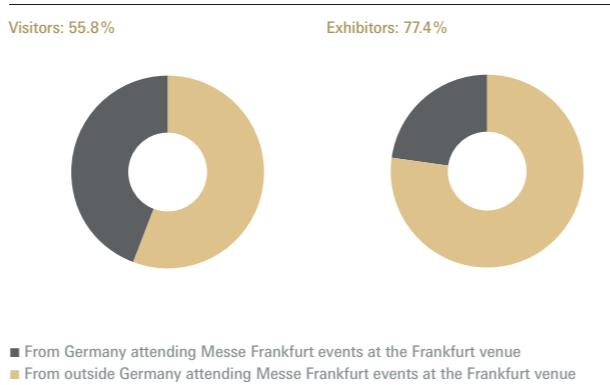
Annual Report
2018

At a glance

Sales and net income for the year in €m



Level of internationality



The Messe Frankfurt Corporate Group conceives, plans and hosts trade fairs and exhibitions in Germany and abroad. The parent company and its subsidiaries offer a well-coordinated service package for national and international customers, exhibitors and visitors.

Corporate group

	in € m*				
	2014	2015	2016	2017	2018
Sales	554	648	647	669	718
Personnel expenses	131	146	152	159	170
Depreciation, amortisation and write-downs	52	56	52	51	58
Earnings before taxes	47	52	69	56	71
Pre-tax return on sales in %	9	8	11	8	10
Net income for the year	33	38	50	41	50
EBITDA	102	109	124	108	132
Additions to fixed assets	56	45	102	125	101
Equity	453	475	506	527	558
Total assets	863	888	888	1,014	1,117
Active employees (at 31.12. respectively)	2,130	2,244	2,307	2,440	2,519

* Except employees and return on sales

Shareholders: City of Frankfurt (60%), State of Hesse (40%)

Subscribed capital: City of Frankfurt €108 million, State of Hesse €72 million

	2014	2015	2016	2017	2018
Basic data					
Total space (m ²)	592,127	592,127	592,127	592,127	592,127
Available hall space (m ²)	366,637	366,637	366,637	366,637	393,838
Available open space (m ²)	96,078	96,078	59,506	59,506	59,506
Number of halls	10	10	10	10	11
Events in Germany					
Number of trade fairs and exhibitions	44	47	50	48	47
Exhibitors	41,828	42,167	42,659	41,905	45,987
Net space (m ²)	1,314,277	1,492,035	1,372,728	1,449,374	1,421,485
Visitors	1,557,581	2,440,666	1,565,383	2,213,563	1,623,423
Events outside Germany					
Number of trade fairs	77	86	84	98	101
Exhibitors	42,880	48,605	48,219	52,987	55,419
Net space (m ²)	1,060,630	1,240,629	1,267,096	1,424,629	1,518,445
Visitors	1,526,372	1,730,153	1,966,492	2,225,258	2,439,857
Total					
Number of trade fairs	121	133	134	146	148
Exhibitors	84,708	90,772	90,878	94,892	101,406
Net space (m ²)	2,374,907	2,732,664	2,639,824	2,874,003	2,939,930
Visitors	3,083,953	4,170,819	3,531,875	4,438,821	4,063,280

Interfaces refer to those parts of a system used for communication. They are the points where information, ideas or objects are exchanged.

With its worldwide events, Messe Frankfurt establishes platforms for creating these interfaces. This is where companies come together with their customers and their customers' customers. In 2018, around 4.8 million people attended the 507 Messe Frankfurt events.

Business dealings and innovative projects are most successful when they create added value for all stakeholders. Logistics and the quality of life in the city, a manufacturer of laser scanners and the ecosystem in a tropical forest, or textile trends and recycled plastic bottles – many fields would not seem to have any apparent common ground. And yet once the right interface is found, new and surprising solutions emerge.

Wolfgang Marzin, President and CEO



Innovation forums

"Messe Frankfurt is increasingly proactive in fields of technology that are strongly impacting innovation and change in industry worldwide. The growth of the elevator and escalator technology forums, including the E2 Forum, and the positive development of Formnext and SPS are three examples of this. The growing demand for communication formats for these highly specialised industries shows their enormous dynamic."

Ladies and gentlemen,
dear business partners and colleagues,

With its events, Messe Frankfurt creates global interfaces between the industry, commerce, politics, services and consumer goods sectors.

From mobility to logistics, from textiles to music, from energy efficiency to security, from beautiful lifestyle objects to beauty – the group's portfolio includes trade fairs, congresses and events for all sectors of industry. With the business segments Fairs & Events, Locations and Services, Messe Frankfurt meets its customers' needs as a full-service marketing and service partner.

In the Fairs & Events business segment, Messe Frankfurt successfully serves economic regions with its global strategy to open up markets for its customers. In 2018, 26 new events were added to the portfolio. These included innovation forums such as the E2 Forum Frankfurt in the Building Technologies sector, NACE Automechanika Atlanta in the field of Mobility & Logistics and Beautyworld Saudi Arabia in the Consumer Goods sector. For the first time, a six-figure number of exhibitors, with more than 101,000 (2017: 94,892; 2016: 90,878), presented their products and concepts at 148 trade fairs and thus invested in encounter formats as a marketing tool. Around 4.1 million visitors took advantage of this opportunity for industry-wide communication. The trust placed in the group also pays off for the organiser: at 718 million euros, Messe Frankfurt generated its highest sales revenue in the company's history to date.

Digitalisation and disruption, structural changes and consolidation in all branches of industry, a volatile, uncertain and complex global economic and political situation – all this demands an intensive exchange between market participants. Even in the 21st century, this still succeeds best face to face.

Encounter formats continue to be relevant despite or indeed because the industries – unfailingly – operate in a challenging environment.

We are pleased that Messe Frankfurt's shareholders and the industry associations and partners involved in our events give this business model their full support. We would like to take this opportunity to thank them for the excellent cooperation – not only over the past financial year – and look forward to future projects. To our 2,519 employees worldwide – a big thank you for the unwavering commitment shown. Without reliable teams, organising 507 events in 2018 would have been an impossible task.

The inauguration of Hall 12 at the Frankfurt Exhibition Centre, which opened its doors for Automechanika in September, enabled us to further optimise our site concept and utilise existing hall structures more efficiently. This not only benefits Messe Frankfurt's own events: Intergeo, trade fair for geoIT, GIS, smart cities, BIM and drones, was the first guest event to occupy the newly opened Hall 12. In the Locations business segment, we achieve excellent site utilisation with a total of 273 guest shows, including prestigious events such as ACHEMA, the Frankfurt Book Fair and Health Ingredients Europe. Congress and conference business at the site, with 175 events and more than 150,000 participants, is an ongoing success story. Kap Europa was fully booked in 2018. In order to further enhance the attractiveness of the Frankfurt location, the next investment plans are already fixed in the calendar: to mark the 25th anniversary of Congress Center Frankfurt, we are making the building fit for the next 25 years. The modernisation work will begin after the 2019 Book Fair. The new construction of Hall 5 is also on the agenda.

Services from a single source, from professional stand construction and accompanying marketing to catering, are an integral part of our business model. In Messe Frankfurt's Services business segment, the group generated sales of around 60 million euros through its Messe Frankfurt Medien und Service GmbH and Accente Gastronomie Service GmbH subsidiaries. This is a fantastic success that confirms the group's strategy.

The 2018 Annual Report illustrates how Messe Frankfurt's three business segments work together in the realisation of successful events and also shows the remarkable interfaces that can emerge from the customer relationships in different sectors. We present some of these interfaces on the following pages.

Enjoy reading!

Wolfgang Marzin Detlef Braun Uwe Behm

Detlef Braun, Member of the Executive Board



Encounter formats

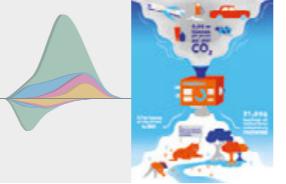
"We are working hard to position our global events for the future. The positive development of our core business shows that personal encounters are not being called into question. In fact, the opposite is the case: it's about creating an intelligent connection between the analogue and digital worlds. In this, Messe Frankfurt is the interface. An example from the consumer goods sector: with Nextrade, we also offer a digital marketplace."

Uwe Behm, Member of the Executive Board



Hall 12

"Good architecture is an identification characteristic of the Frankfurt exhibition grounds. With Exhibition Hall 12, we have again built a high-quality, modern, iconic and at the same time highly functional hall. Frankfurt ranks among the world's leading trade fair cities and is continuously evolving into a major congress destination. Investments in the multifunctionality of the exhibition grounds are a key component of the Logistics business segment. Hall 12 was an important step in this direction."

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Annual Report

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You can find the digital version of the Messe Frankfurt Annual Report online at: annualreport.messefrankfurt.com





While there were 1.7 billion courier and parcel shipments in Germany in 2000, by 2017 that number had risen to 3.5 billion parcels delivered to 40 million recipients. Deliveries from companies to private customers constitute the majority of these, accounting for three million trucks on Germany's roads every day.

While this is convenient, quick and easy for customers of online mail-order firms, it is increasingly becoming a stress test for our cities. As involuntary fellow sufferers, parcel carriers and commuters alike find themselves stuck in the traffic. They compete for street space and parking spaces, resulting in exhaust fumes, particulates and short tempers. No wonder cities, delivery services and companies are looking for creative solutions to this problem.

Drones could be one answer. However, in a major city like Berlin this would require around 240,000 flights a day. The start-up company Smart City Loop GmbH is taking a different approach and instead of shifting traffic from the roads into the air, is going underground. Goods would be loaded onto pallets on the outskirts of the city and transported quickly and in an eco-friendly way to the city centre via underground ducts – like tube mail, only larger.

The Smart City Loop concept was presented at Hypermotion, where city administrators, engineers and logistics experts exchanged views on the challenges of goods transport on the so-called "penultimate mile" in urban centres. ▶

Fairs & Events

hypermotion

Hypermotion is Messe Frankfurt's platform for intelligent transport systems of the future. As a mix of interactive fair, conference, expert talks and lab, Hypermotion is a meeting place for associations, decision-makers and start-ups.

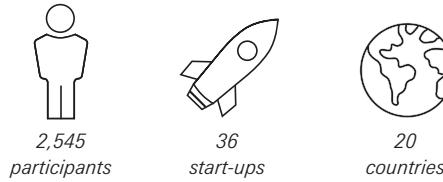
Hypermotion is the first platform for the digital transformation in the area of transport, mobility and logistics. It brings together all related industries, from automakers and transport companies, electrical companies and financial services providers to software developers.

◀ It is no coincidence that Angela Titzrath, Chairwoman of Hamburger Hafen und Logistik AG (HHLA), was also a guest at Hypermotion. Hamburg is one of six cities currently participating in a feasibility study for Smart City Loop.

The Port of Hamburg handles 32,000 containers every day. As many as 7,300 logistics companies are registered in the city. The region is one of the biggest logistics hubs in Europe. However, Hamburg isn't just top of the league table when it comes to global goods transport. The Hanseatic city is also one of the most congested cities in Germany ranked third. Every single Hamburg commuter spends 139 hours a year stuck in traffic jams.

The feasibility study is being carried out by Smart City Loop with support from logistics property developer Four Parx and is based on the exemplary connectivity of a warehouse in Wilhelmsburg to a city or rather micro-hub in Altona. Smart City Loop not only impresses with its technically and legally simple implementation, it is also comparatively inexpensive. This is because the pipes are designed using the canal construction method, with minimum impact on people and the environment. According to initial calculations, efficient consolidation and optimally synchronised, fully automatic transport will ensure that transport costs do not become more expensive.

City of Hamburg

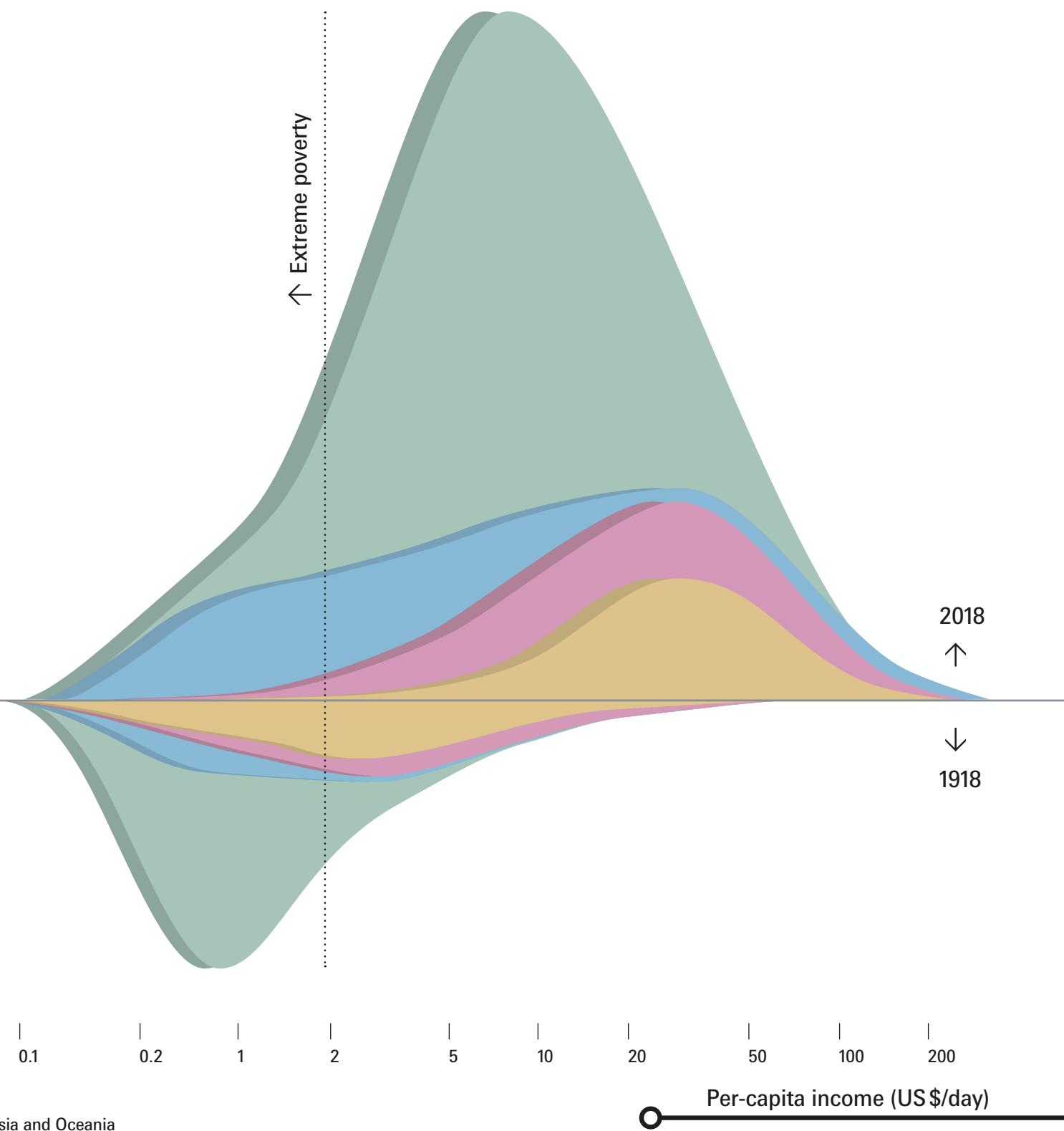


2,545 participants from 20 countries, including 138 companies, 36 start-ups and over 200 speakers, took advantage of the networking possibilities at Hypermotion 2018.



World population according to income

(comparison: 1918 and 2018)



- Asia and Oceania
- Africa
- North and South America
- Europe

Global: Over the past 100 years, the number of people living in extreme poverty has fallen sharply worldwide. World Bank Group programmes play an important part in this development.

"Vanity of the present" is the term German trend analyst Matthias Horx uses to describe people's inherent belief that the period they are living in is always the most important – full of epochal turning points and upheavals. It's always five to twelve. Yet in most cases, major changes take place only very slowly. Data from the World Health Organisation and the UN show that many things in the world have changed for the better in recent decades and centuries. For example, the number of children dying before their first birthday has fallen worldwide from 44 percent to 4 percent in the past 200 years. The percentage of malnourished people has decreased from 28 percent to 11 percent since 1970. While the ozone story has a positive ending, that particular challenge pales in comparison with the threats of climate change, to which, globally, we are failing to properly respond.

These figures not only show that we are tempted to view the "good old days" through rose-tinted spectacles. More important is the realisation that humanity is capable of turning major problems around into something positive – if we show the will and the stamina of a marathon runner. The World Bank Group is one of the United Nations' long distance specialists, which has set itself the task of fighting poverty and improving the living conditions of people in developing countries.

At the Innovate4Climate congress, the World Bank Group brought climate players from policy, finance, business and technology together at Messe Frankfurt's Kap Europa congress centre. Local project developers, financial service providers and corporate entities came together to exchange ideas for effective concepts in the fight against climate change. ►

Locations



Kap Europa combines sustainable construction with first-class conditions for successful congresses and conferences. The congress centre can accommodate a total of 2,400 guests over four levels. Thanks to a flexible room concept and 12 conference rooms, Kap Europa is an ideal location even for small-scale events.

◀ Ecosphere+ is one of these new companies that want to bridge the gap between market economy and ecology. At the Innovate4Climate congress, the company presented its business model and its sustainable environmental projects in South America and Asia.

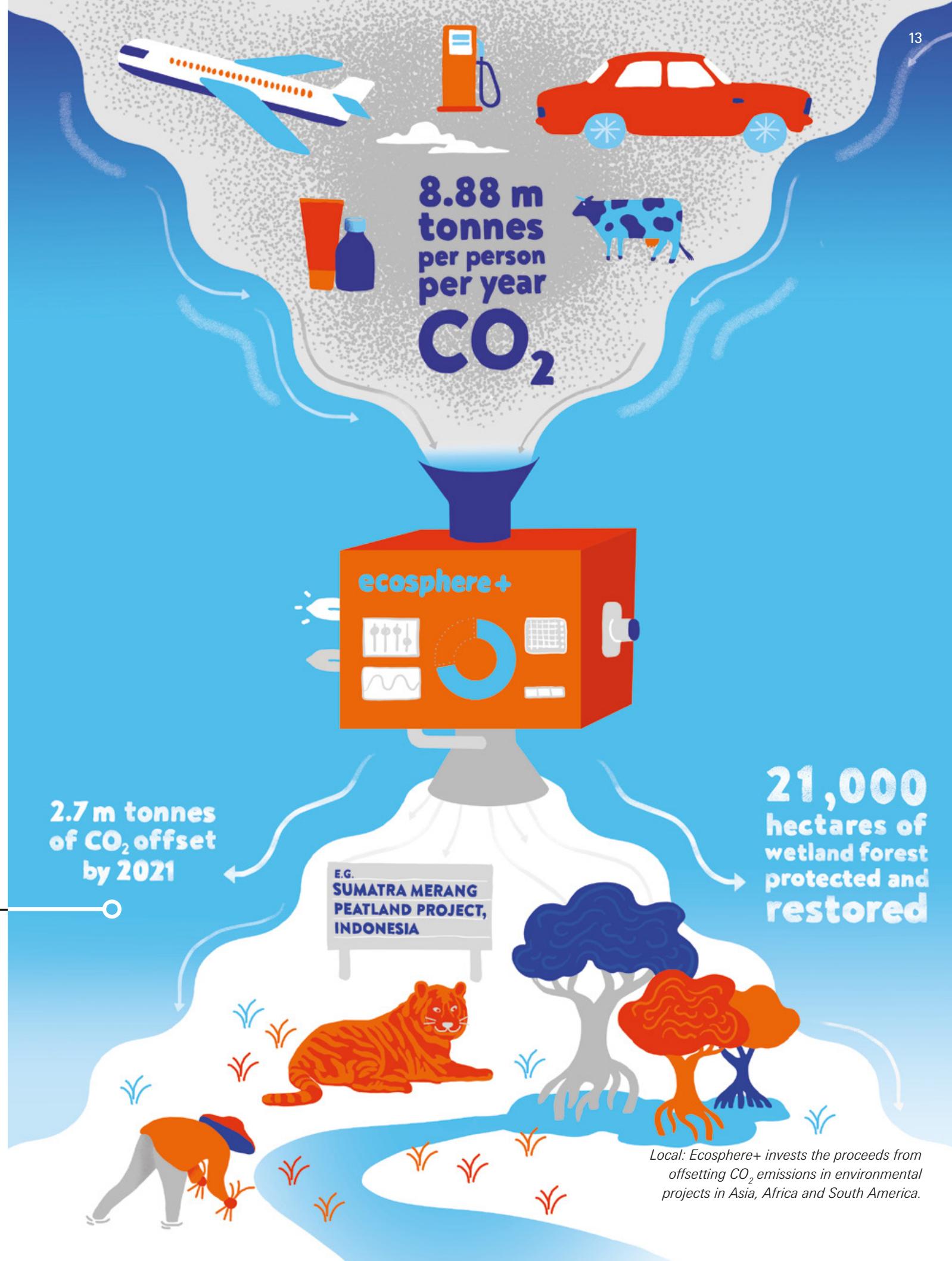
According to the Intergovernmental Panel on Climate Change (IPCC), the per-capita emissions of each of the Earth's inhabitants must not exceed two tonnes of CO₂ per year if we are to meet the global climate targets set out in the Paris Agreement. However, every German citizen already accounts for as much as 11 tonnes. We could achieve a lot if we all embraced a vegan lifestyle, gave up our cars and stopped travelling by air – but as inhabitants of a western industrialised nation, we would still be a long way from meeting the two-tonne limit.

Ecosphere+ aims to change this and is developing concepts for companies to label the CO₂ effects of their products and services with a price tag. The proceeds are in turn invested in projects designed to offset these emissions. One example for this is the Merang Wetland Project in Sumatra, Indonesia, where 21,000 hectares of rainforest are being protected. An area 3.5 times as large as Manhattan is intended to provide a new home for endangered animal species such as the Sumatran tiger. The nature reserve will create 145 new jobs and by 2021 offset 2.7 million tonnes of CO₂.

Ecosphere+



Kap Europa was the first congress centre in the world to receive Platinum Certification for its green concept from the German Sustainable Building Council (DGNB). This covers both the construction and the running of the building: from sustainable materials and greening of the roof areas, through to green electricity and sustainable catering by Accente, a Messe Frankfurt subsidiary.





Messe Frankfurt's events drew around 4.8 million visitors in 2018.

Small calamities usually happen without knocking first. And when they do, we often miss the warning signs. Water damage in the home, for example, is often not noticed until it is too late. According to the German Insurance Association (GDV), a leak in the water pipes of private households in Germany occurs every 30 seconds. These leakages add up to around 1.1million water pipe damages and costs of 2.3 billion euros per year.

This prompted sanitary manufacturer Grohe to come up with an idea: the Grohe Sense water sensor with the Grohe Sense Guard smart water controller detects leaks and pipe breaks and automatically shuts off the water supply – even when you're not at home.

New products need innovative messengers to become successfully established in the market: fitters passionate about digital technologies and highly motivated to persuade customers of the advantages of this innovative product. In other words: a needle in a haystack.

To solve this proverbial problem, Messe Frankfurt joined forces with Grohe and the performance marketing specialists from iProspect to launch the Data Powerhouse pilot project. With events like ISH, the leading international trade fair for the HVAC sector, Messe Frankfurt has many attractive "haystacks". But where among the 200,000 or so visitors to ISH are those fitters for whom the Grohe Sense concept might be especially interesting and attractive? Or, put differently: where is the needle? ▶

Services



Messe Frankfurt's Services business segment provides a wide range of services related to trade fair appearances – from stand construction to catering, marketing and logistics. This includes effective on-site and online marketing, not only during events, but in the run-up and follow-up as well. Messe Frankfurt offers eye-catching advertising opportunities, online banners and multimedia solutions as well as individual promotion for exhibitors.

◀ Algorithms only smile tiredly about haystacks. Tasks that drive people to despair are simply shrugged off by modern computer networks. And that's not all: the more hay, the easier the search. The more extensive and detailed the data set, the greater the probability that it contains the needle you are looking for.

With the Data Powerhouse, Messe Frankfurt and digital marketing agency iProspect are breaking new ground. Converging digital and analogue markets opens up new possibilities to match supply and demand. The logic is that anyone who visits an event, calls up a Google search or makes an online purchase is documenting a certain interest. The art is not to search for the needle in a haphazard way, but to include the needle in the search.

In the case of Grohe Sense, the success was overwhelming: thanks to the data strategy used by iProspect with the ISH data pool, twice as many users clicked the corresponding ads and spent more than twice as much time on the campaign page. At the end of the day, however, the most important thing is "conversion": translating clicks into contacts with real potential customers. Here in particular, the target levels of a traditional approach were far exceeded through online advertising, and the costs per generated contact were significantly reduced.

For Messe Frankfurt, the Data Powerhouse is just the beginning. The intention is to expand and refine the audience marketing offering, and in doing so make the search for the "needles in the haystack" even easier.



In the Services business segment, Messe Frankfurt recorded a positive overall development in 2018: through Messe Frankfurt Medien und Service GmbH and Accente Gastronomie Service GmbH, the group currently generates sales in the region of 60 million euros.

Messe Frankfurt's marketing services help our customers to be found, or to find new partners for their own part.



Thyssenkrupp is a leading manufacturer of elevators and escalators ...

Which came first: the tower block or the elevator? While in the 19th century it was still considered unrefined to live on the upper floors of a dwelling, the advent of the elevator turned the city upside down: under the roofs of the ever-higher buildings, we now no longer find small box rooms for domestic servants or penniless subtenants, but executive suites and penthouse apartments. Machines for transporting loads upwards have been around for thousands of years. But the elevator did not begin its triumphant advance – or perhaps we should say its steady ascent – until a way had been found to prevent it from crashing. In 1854, Elisha Graves Otis showcased the first elevator featuring an emergency brake in a dramatic presentation at the World Exhibition in New York's Crystal Palace. Only then did the city dwellers have enough faith to entrust their lives to a metal box suspended on a rope.

Today, a billion people use an elevator every day. Statistically, elevators transport the entire world population every 72 hours. Without elevators, urbanisation and cities as we know them today would be inconceivable. The Thyssenkrupp technology group recognised this trend early on and, with the acquisition of the companies that invented the paternoster in 1890, became a driver of modern urban development. The technology used in modern elevators, however, can no longer be compared with the beginnings of the paternoster. Today's elevator cabins use artificial intelligence to predict when they should ride up to a floor before a user has even pressed the button.

Thyssenkrupp not only has close ties to Messe Frankfurt through the E2 Forum Elevator + Escalator. Distances at the Frankfurt exhibition grounds are also much shorter thanks to Thyssenkrupp's elevator and escalator technology. ▶

Fairs & Events

e2 forum
elevator + escalator
FRANKURT

The E2 Forum Frankfurt is the innovation forum for elevator and escalator technology organised by Messe Frankfurt at its home venue in Frankfurt. It offers the industry a technology and content platform for an industry dialogue between developers and decision-makers as well as operators of modern transport systems in buildings.

◀ Completed in 2018, the new Hall 12 with 33,600 square metres of exhibition space over two levels could not operate without elevators and escalators. The 19 elevators and escalators not only move visitors quickly through the hall; they also transport exhibits, material and machinery. The elevators in Hall 12 could even transport an upended Formula 1 race car to the upper level.

Constructed on the exhibition grounds' last free building plot, Hall 12 has become part of a unique architectural ensemble – a city within the city. At major events such as IAA, the exhibition grounds accommodate more than 73,000 people between and in the halls on any one day. The integration of the new hall into the mobility concept of the entire complex was therefore a central component of the planning.

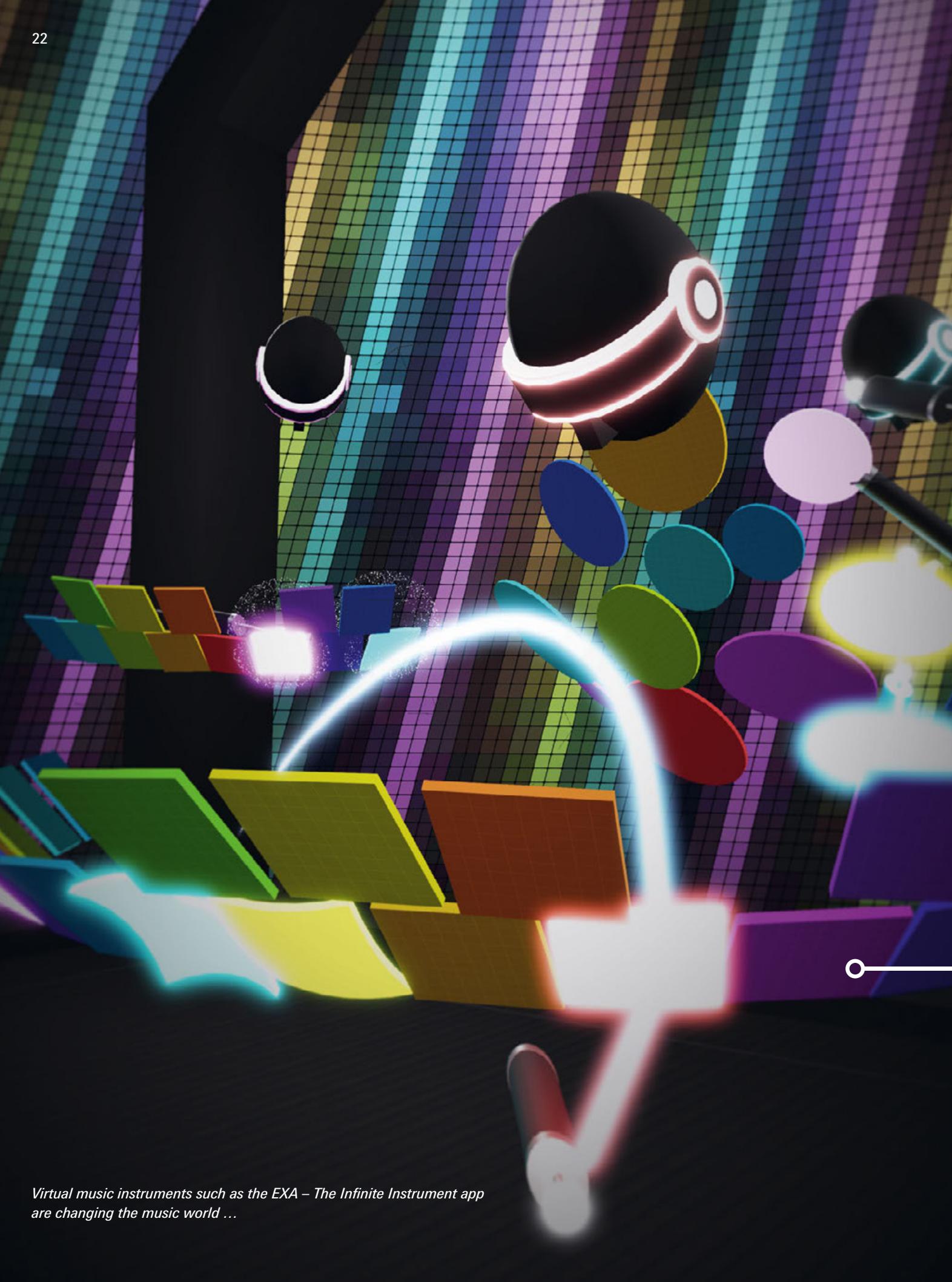
Starting with the "express escalator" in the West foyer, which transports visitors over ten metres in height to the next level without stopping, several glass bridges connect the hall with the "Via Mobile" that distributes visitors to the other 237 escalators, 182 elevators and 40 conveyors across the exhibition grounds. All this shows that connections are what makes a successful trade fair – in the literal as well as the figurative sense.

Messe Frankfurt – Hall 12



The E2 Forum Frankfurt is one of four events for the elevator and escalator industry in Messe Frankfurt's Building Technologies portfolio. Other events include the highly successful IEE Expo in Mumbai (India), where a further E2 Forum is also held, and the E2 Forum in Milan.





Virtual music instruments such as the EXA – The Infinite Instrument app are changing the music world ...

"Assuming that the Flood falls from the sky with thunder and lightning on your roof of leaves, if you can survive the storm at all you can survive it better if you chant a song for the weather god," writes German philosopher Peter Sloterdijk. Music has magical power. This was already known to early humans in the Stone Age, for whom music was an important part of cult rituals. Music could be used to summon the gods or call on one's ancestors. The oldest known musical instrument – a flute from a bear's bone – is 50,000 years old and was found in Slovenia. Music can reduce stress and have a healing effect.

Virtual Reality (VR) takes the magic of music one step further. In the field of live music, we are all familiar by now with the clunky goggles that allow us to immerse ourselves in virtual spaces. Users can rock along on the stage next to their idols during a concert or experience a club evening without having to leave their own couch. It's only a matter of time before the first music album is released exclusively in VR.

This is what prompted A3E, one of the leading knowledge mediators for the international audio community, to host the conference "The Future of Audio + Music Technology" at Musikmesse and Prolight + Sound 2018, where DJs, musicians and technology experts discussed possibilities VR offers for the music industry. In virtual music rooms such as the VR app EXA, users can make their own music, form a band or learn an instrument. ▶

A3E

Fairs & Events

musikmesse

The trade fair duo Musikmesse and Prolight + Sound brings together the entire product spectrum of the music and live entertainment industry in Frankfurt.

Musikmesse is Europe's leading trade fair for the music industry. The spectrum ranges from the instrument industry and accessories to sheet music and publishing, music production, music education, media and marketing. With the accompanying Musikmesse Festival, Messe Frankfurt brings musicians from all over the world to Frankfurt.

◀ Magic is also the business of Michael Zawrel, marketing director for Mixed Reality at Microsoft. The software company's HoloLens VR headset combines analogue with digital realities and thus enables completely new experiences. At "The Future of Audio + Music Technology" congress alongside Musikmesse and Prolight + Sound, he spoke about the potential of mixed reality for the music market, the entertainment sector and for industry, research and medicine.

Just a few years ago, mixed reality was still a vision of the future that was only available in animated demo versions. However, with the introduction of correspondingly powerful hardware, this has changed. The technology is now beyond the proof of concept phase. Companies such as Thyssenkrupp, Daimler and Bosch or research institutes and universities are rapidly developing innovative applications. Doctors can create three-dimensional images of patients and display the exact position of nerve tracts or blood vessels to prepare for surgery. In the industrial sector, mixed reality is used to guide machine operators when repairing industrial plants. Instructions are faded into the worker's field of vision on site – over distances of thousands of kilometres and in real time.

In music, mixed reality makes it possible to control musical instruments through gestures. Students from the Carnegie Mellon University have developed the "Music Everywhere" application for the HoloLens. A virtual hand helps music students learn new pieces by playing the melodies on the piano. Should you wish, you can create a band in your own living room and play a song accompanied by self-designed cartoon characters.

Microsoft

Fairs & Events

prolight+sound

Prolight + Sound is the most important international industry meeting place for technologies and services for entertainment, shows, events, audiovisual system integration and content creation. The supporting programme at Prolight + Sound complements the range on offer on the exhibition area. Lectures and conferences on industry topics, workshops, product presentations under real conditions and seminars provide added value for the target group. This is also where major awards from the event industry are presented.



... Michael Zawrel, marketing director for Mixed Reality at Microsoft, reports at Musikmesse and Prolight + Sound.



Ferry Mulder is Lord of the Things ...

Ferry Mulder is Lord of the Things – more than 4,000 things to be precise. The history of the family business began in the 1960s in Stuttgart, where Ferry Mulder's parents opened a small shop selling dried flowers. Since then "Cor Mulder", now in its second generation, has expanded into a spectacular and unique product universe in which pink rabbits make themselves comfortable on mother-of-pearl chairs, a Buddha meditates under a shimmering glass ball and a Santa named "Alfred" delivers parcels. Nothing here is left to chance. Everything has to do with everything and is part of a grand idea that can be found in exclusive hotels and large department stores and mail-order firms. It's hard not to find at least one object in Cor Mulder's universe that you wouldn't want to buy.

Cor Mulder is represented at all Messe Frankfurt consumer goods and interior design shows. The presentations at Ambiente, Christmasworld, Nordstil and Tendence are always among the spectacular highlights and are on the must-see lists of many trade visitors. It was the same for Thomas Meiser from Dinkelsbühl, who met Ferry Mulder at Ambiente in Frankfurt in 2006 – which marked the beginning of a joint business idea. ▶

Cor Mulder

Fairs & Events ambiente

Ambiente is the leading international consumer goods trade fair. Messe Frankfurt's trade fair sets the pace for the world of consumer goods. Its unique diversity in the three areas Dining, Giving and Living provides a comprehensive overview that illustrates the innovative strength of this vibrant industry.

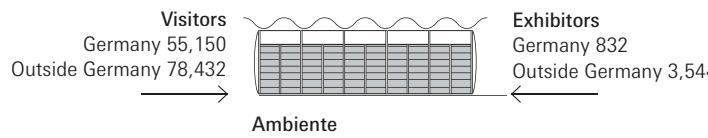
◀ Thomas Meiser's story has similar beginnings to Ferry Mulder's, which perhaps explains why they both get along so well.

Back in 1905, Thomas Meiser's great grandfather organised the first dance events at his inn "Zur Rose" in Dinkelsbühl. Similar to Cor Mulder, one thing led to another in the subsequent decades, and today the Meisers run two hotels, a concert hall and a restaurant in Dinkelsbühl.

Everything must go! Can it really be that the staff have forgotten to remove the price tags on all the furnishings? Far from being an embarrassing oversight, the observation that may amuse some guests at the Meisers' establishments is the business model that Ferry Mulder and Thomas Meiser devised and implemented after their first meeting at Ambiente: the chair you're sitting on, the Riesling glass, the table decoration, the accessories, the seat cushion – everything here is for sale. On average, the guests completely buy out the Meisers' hotels every four months.

The principle is so successful that the Meisers plan to open a third hotel in the summer – and this time not only the restaurant will be decorated with objects from the Cor Mulder universe, but the entire hotel – from the bed-cover to the key fob and doormat. If it's not nailed down, it can be bought and taken away.

Meiser



From contract business to sustainable products – Ambiente is also the major international meeting place for specialised visitors and exhibitors. With Nextrade, Messe Frankfurt also offers a digital marketplace for suppliers and retailers in the Home & Living sector.



... and Thomas Meiser sells them in his hotels.



The Dachstein mountain range in the Austrian Alps ...

"Here I am, brain the size of a planet and they ask me to take you down to the bridge. Call that job satisfaction? 'Cos I don't." Marvin, the melancholy robot from the sci-fi classic "The Hitchhiker's Guide to the Galaxy" isn't particularly happy about the menial tasks he is made to perform. That could be about to change. Because robots no longer just perform boring tasks. The more data we collect, the more dependent we are on the help of algorithms to show us the way through this jungle.

The best way to understand the world is to recreate it. Digital twins are virtual replicas of products, machines or systems. These twins can be used to test prototypes or optimise processes faster and more cost-effectively than was previously possible. There are even states working on digital twins of their entire infrastructure.

In combination with robots and artificial intelligence, digital twins change industry, science and political decision-making processes. In the construction industry, for example, algorithms can calculate each single part of a building individually in order to save resources. In the virtual simulation of a construction, material is removed at all points where it does not contribute to the load-bearing capacity. On the basis of geodata, robots can then erect the building on site in a fraction of the time required using conventional construction methods.

But where do all these data come from? At the Intergeo trade fair in Messe Frankfurt's Hall 12, engineers, companies and scientists met to discuss methods and applications for information about geographical location. ►

Locations



messe frankfurt

Messe Frankfurt is a partner for all manner of events. With around 400,000 square metres of exhibition space across 11 halls and more than 59,500 square metres of open-air space, the Frankfurt exhibition grounds are the ideal location whatever the event. With a total of 273 guest events, congresses and shows, the exhibition grounds recorded good occupancy rates in 2018.

◀ The company Riegl from Austria is an exhibitor at Intergeo.

Riegl produces laser scanners and systems used for a wide variety of topographic surveys. The data thus recorded provide a digital image of the earth down to the smallest detail.

Each digital twin is individual and must be created using technology tailored to the requirements of the respective application. There are scanners that create models of cities and thus enable robot-assisted construction or provide wind models for the planning of high-rise buildings. Other scanners generate data that can be used to make predictions for natural events and storm or flood damage, and yet others measure the habitats of plants and animals.

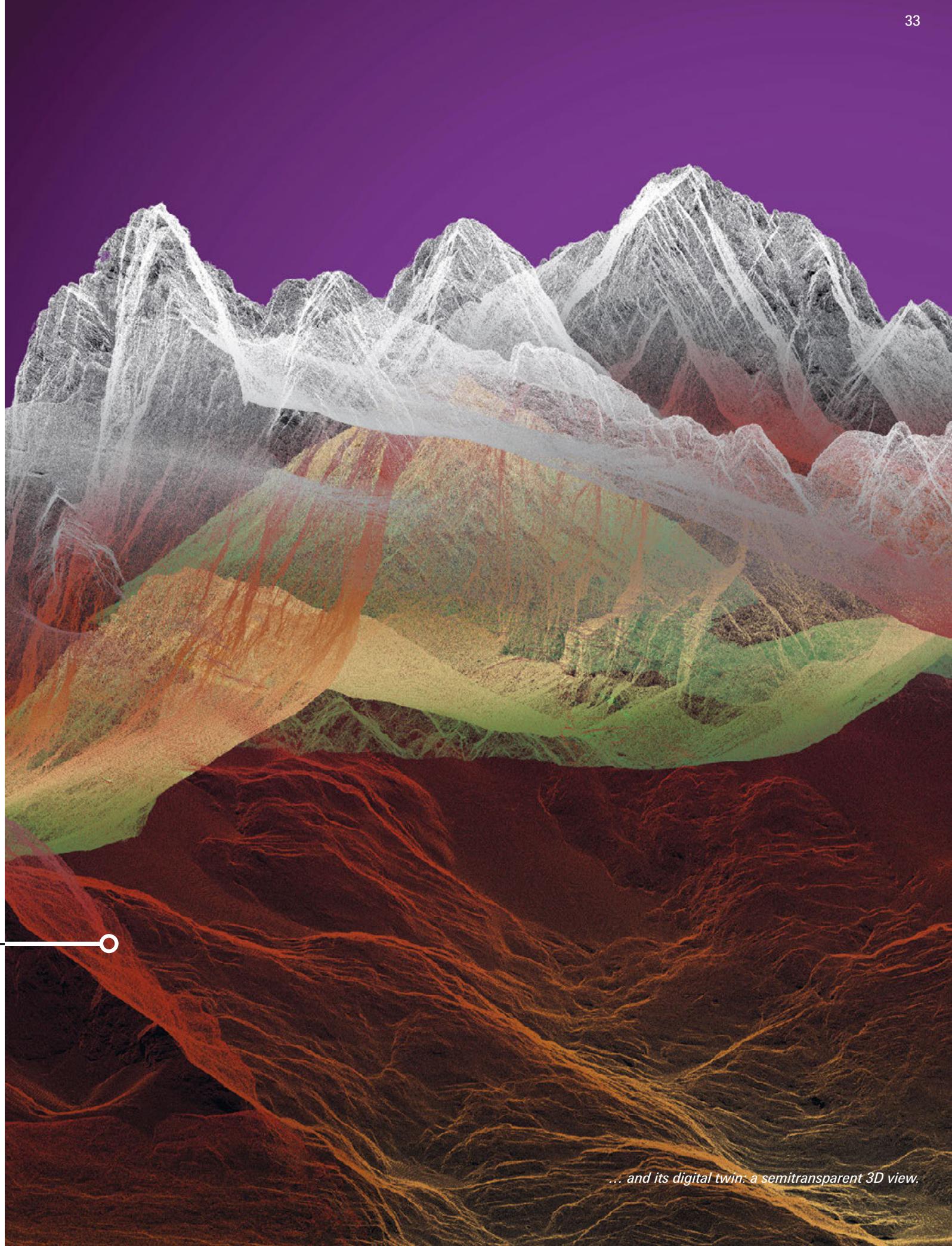
The "3D-Forest" project at the universities of Ghent and Wageningen, for example, uses Riegl's flying scanners to create a virtual twin of the rainforest in the Robson Creek nature reserve in Australia. Each individual tree is recorded, assigned to a category and described with its special characteristics. This will enable scientists to better understand how the ecosystem works and how it is likely to change in the coming years as a result of external effects of climate change.

For the career prospects of robots, this is good news. Because the digital version of the world will help us better understand its analogue twin and keep it habitable.

RIEGL Laser Measurement Systems

8 super-/minimarkets	1,141 wifi access points	13 recharging points for electric vehicles

The Messe Frankfurt exhibition grounds are a city within a city. As well as supermarkets, wifi and infrastructure for electric vehicles, there are 26 restaurants, 70 cafés and snack bars and 3 first aid stations.



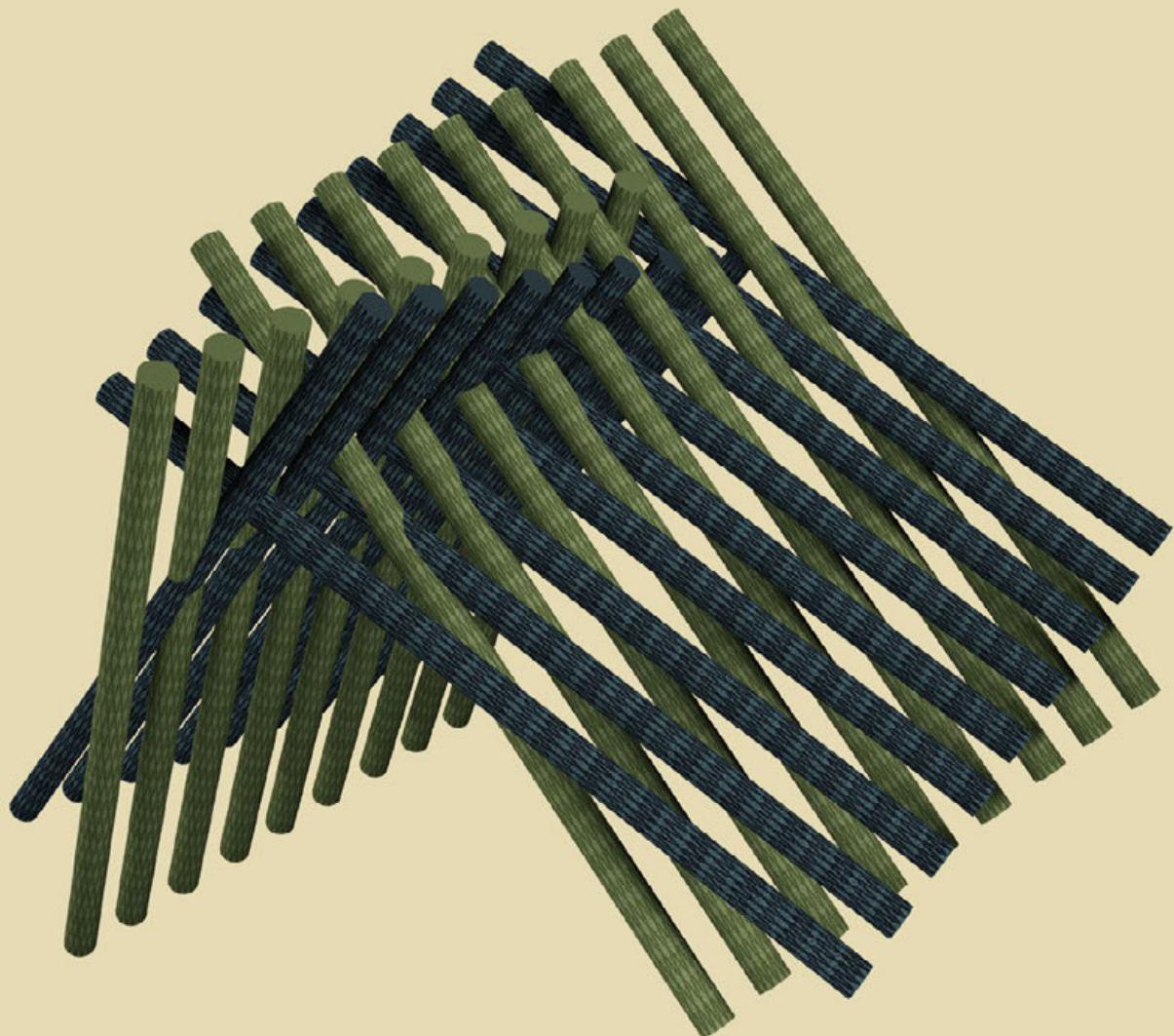


Illustration for the "Go off-grid" trend from the Heimtextil Trend Book

"Trends" are an invention of the stock exchanges and first appeared as a concept in the 19th century in connection with stocks and shares. This is not surprising, because those who know the direction of markets – or, better still, can anticipate them – make the big money. Understood, however, the study of trends is not just a superficial guessing game, but the ability to recognise changes early on and exploit the opportunities they offer.

"Toward Utopia", the title of the Heimtextil 2019 Trend Book, focuses on the theme of future visions. "There's a strong and widespread feeling that not everything in the world is going so well right now," say creative directors Kate Franklin and Caroline Till from the London-based trend studio FranklinTill. "People want to counter this with something positive and meaningful." Behind the concept of "Go off-grid", for example, is the desire to reconcile nature and technology, creating an interface between inventiveness and a balanced existence.

But what does this mean in concrete terms, and how is such an idea translated into a product? "For us, the art is to identify such global trends and combine them with our expertise in retailing. These interpretations allow our members to pick up on trends and at the same time remain recognisable brands in their market," explains Birgit Schlenker from Decoteam, an interest group of German home textiles suppliers. "We combine themes, colours and materials with the products of our manufacturers and thus create mises-en-scène for interiors, shop windows and showrooms."

As translated into products and presentations by Decoteam, trends can build entirely new bridges to other industries, paving the way for new collaborations and sustainable changes in the market.►

Fairs & Events

heimtextil

Heimtextil is the leading international trade fair for home and contract textiles. As the first highlight of the year, it sets the course for the new trend season. For the ninth year running, Heimtextil in Frankfurt saw a rise in exhibitor numbers: 3,025 exhibitors from 65 countries.

◀ HP was the first hi-tech company to settle in Silicon Valley in 1939, and can be described as a trendsetter for that reason alone. The company invests 3.5 billion dollars a year in research and development. At Heimtextil, HP presented a printable canvas for interior design that is made from 100% recycled plastic bottles.

The HP Recycled Satin Canvas ties up with the "Go off-grid" trend on a number of levels. The shift in many people's consciousness also releases new energies and inventiveness in companies. This trend paves the way for technological innovations that contribute to tackling the environmental problems our society faces. Our immediate living environment is an ideal place to start implementing such exemplary concepts. Because materials, colours, light and haptically appealing surfaces are the ideal ingredients for creating direct and intense impressions outside the virtual spaces of social media channels. This is where real life – that people are hankering for more and more – takes place.

"In search of a new bond with nature, designers help us to overcome boundaries," write Kate Franklin and Caroline Till. This also demonstrates that trends are not irrevocable truths or directives. They are impulses that reach from everyday life into the economic sphere and back again.

HP



What are the trends for the next season? What themes, what fabrics, what colours are of particular relevance? Heimtextil has been pioneering trend recommendations from the Trend Council, a changing body of experts from the fields of design and trend research, since 1991.



Showroom for printable canvases made from recycled water bottles of PC and printer manufacturer HP at Heimtextil 2019, designed by Jennifer Hunt/Poppy

2018

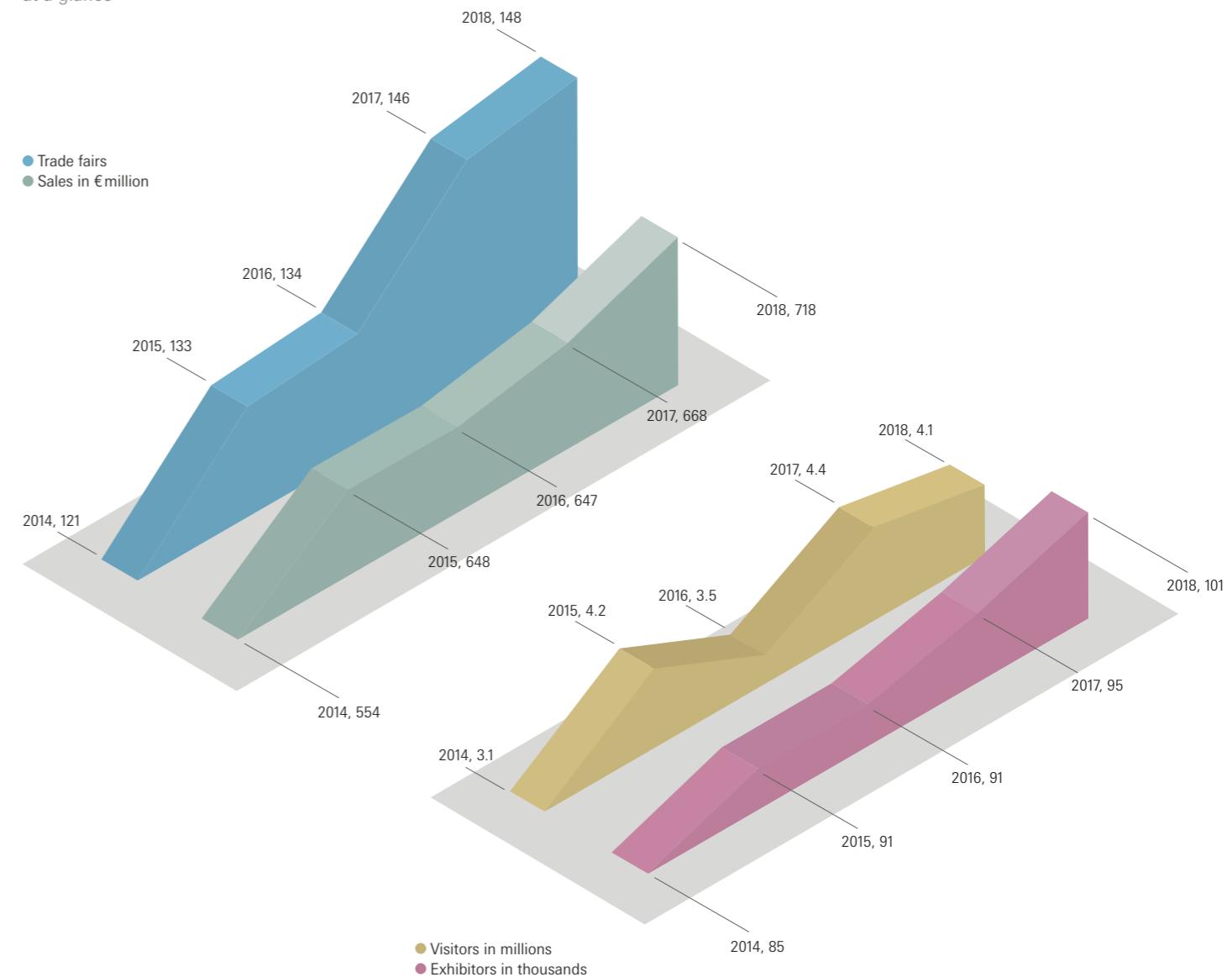
2018 was another year of growth for Messe Frankfurt. The group achieved new records in terms of sales revenue as well as exhibitor and visitor numbers. The continuous refinement of event formats through consistent alignment with long-term economic trends made a significant contribution to this positive development.

The section “Overall activities of Messe Frankfurt” presents an overview of the business segments and the individual trade fairs, exhibitions, congresses, events and other activities in 2018.

The corporate group

Messe Frankfurt is a partner to many fields of industry. Its 148 trade fairs, innovation and networking forums with around 101,000 exhibitors attracted some 4.1 million visitors in 2018. As many as 175 congresses and conferences at the Frankfurt venue with 151,000 participants bear further testimony to a successful event year. Added to these were 332 other event formats at the Frankfurt venue and worldwide. The successes in the three business segments Fairs & Events, Locations and Services are confirmed by the sales performance: at 718 million euros in 2018, Messe Frankfurt generated the highest sales revenue in the company's history.

2018 key figures for Messe Frankfurt
at a glance



Fairs & Events

Under Fairs & Events, Messe Frankfurt consolidates its global encounter formats with an international audience. Strong trade fair brands and an intensive network in the worlds of politics and business, combined with knowledge of future drivers, are the basis for success. The group expands its expertise in defined sectors and supports the growth objectives of customers around the world with tailor-made platforms and marketing services.

Exhibitor numbers for the three leading fairs in the Consumer Goods business segment

Ambiente: 4,376



Beautyworld Middle East: 1,738

Paperworld: 1,634

Consumer Goods

Whether purely utilitarian or design object: they drive the economy and also add another dimension to our lives – that of pure emotion. However, globalisation, digitalisation and new channels of distribution are changing the industry to an extent and at a pace that has not been seen before. With brands such as Ambiente and Beautyworld, Messe Frankfurt boasts the leading international business and order platforms in these consumer goods segments and acts as strategic partner for the future. Paperworld, Creativeworld and Christmasworld are the undisputed market leaders in their respective sectors and once a year bring the international consumer goods market together in Frankfurt.

Textiles & Textile Technologies

Messe Frankfurt consolidates its expertise as global leader for the organisation of trade fairs and events for the textiles industry in its Texpertise Network. Around 50 events worldwide, including the leading international trade fairs Heimtextil, Techtextil, Texprocess and Texworld, provide stimuli for the entire textile value chain. The themes are as varied as the textiles industry itself: starting with Apparel Fabrics & Fashion offering platforms and marketing services for the international apparel and fashion industry, to Interior & Contract Textiles, the international network for home, contract and furnishing textiles, and Technical Textiles & Textile Processing, the advanced forum for technical textiles and textile processing.

Exhibitors at the Heimtextil, Intertextile and Texworld brands worldwide



Heimtextil:
3,292

Intertextile (Apparel) + Intertextile (Home):
9,189

Texworld:
2,628

Building Technologies

Worldwide, 27 Messe Frankfurt events in Europe, Asia and South America offer leading international industry and expert forums for efficient facility management, digitalisation and intelligent networking, convenience, security and design, as showcased in particular at the two flagship fairs ISH and Light + Building. The elevator and escalator technology sector is growing in importance, a trend reflected in Messe Frankfurt's portfolio by the cutting-edge events IEE Expo in Mumbai as well as the E2 Forum in Milan and Frankfurt.

Visitors at the worldwide events of the Light + Building brand

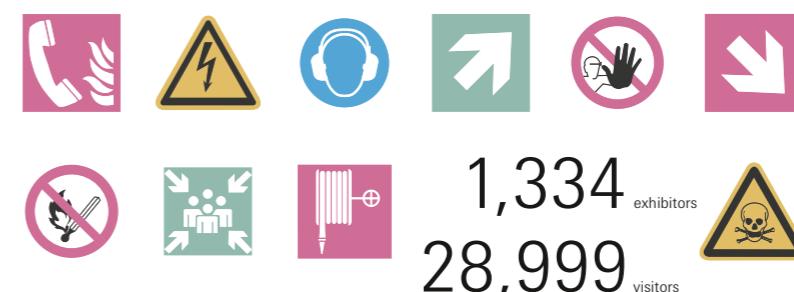


9 Shanghai Intelligent Building Technology: 29,423

10 Shanghai International Lighting Fair: 12,685

11 Thailand Lighting Fair: 10,270

Exhibitors and visitors
at Intersec 2018



Safety, Security & Fire

The protection of facilities, data and people is becoming increasingly important in all areas of life. Through its global network, Messe Frankfurt pools the offering for progressively networked products, applications and services and gears it to regional and national needs with 13 events worldwide – from current-controlled safety technology to intelligent fire fighting. Intersec in Dubai and Secutech in Taipah are the leading fairs in the portfolio.

Environmental Technologies

Scarcity of fossil fuels, an increasing global demand for energy, access to clean water, waste disposal and recycling – these are already the challenges of our time. At the same time, opportunities are growing in these markets worldwide. The future needs intelligent technologies and innovative companies. Messe Frankfurt offers global platforms such as Eco Expo Asia, Waste & Recycling Expo Canada or Wastetech and Watertech in India for exchanging ideas in the growing market for environmental technology.

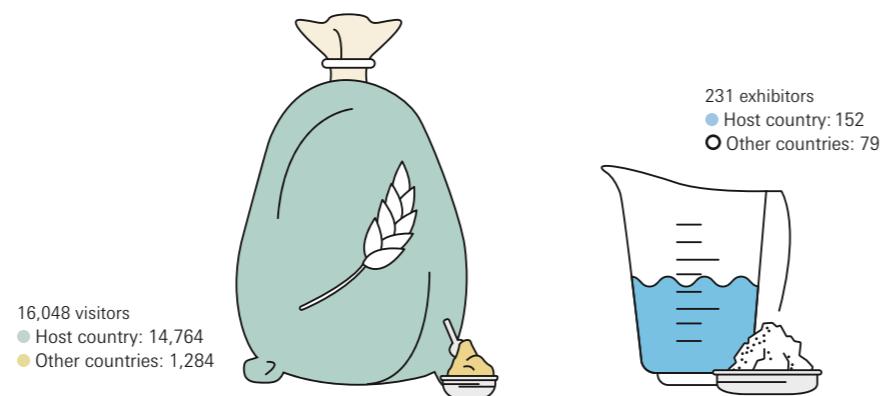
Exhibitors and visitors at
Eco Expo Asia 2018



Food Technologies

The growing world population needs concrete solutions in the area of sustainable and responsible handling of food. Four trade fairs for the food industry focus on innovations for the safe, efficient and economical processing and packaging of food. With IFFA, which first opened its doors in 1949, Messe Frankfurt organises the leading international trade fair for the meat processing industry in Frankfurt am Main. Other portfolio events take place in China, Russia and Argentina.

Exhibitors and visitors at Modern Bakery Russia 2018



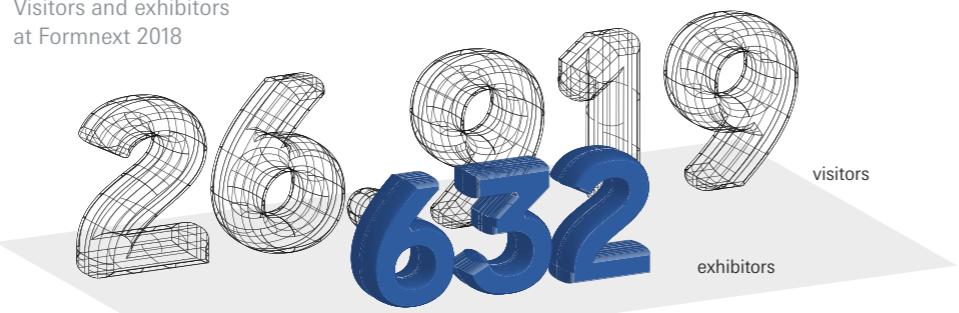
Visitors and exhibitors at Middle East Cleaning Technology Week 2018



Manufacturing Technologies & Components

Intelligent process optimisation, complexity and agility: in these areas Messe Frankfurt responds with focused B2B platforms in the world's growth regions. Messe Frankfurt's portfolio includes trade fairs and congresses such as Formnext (additive manufacturing) and Rosmould (industrial manufacturing processes), Wire & Cable Guangzhou and Zellcheming-Expo, the platform covering the entire value chain of the pulp and paper industry.

Visitors and exhibitors at Formnext 2018

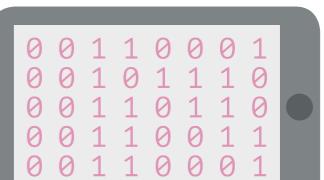
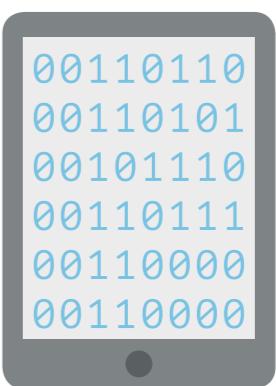


Electronics & Automation Technologies

Automation and digitalisation of production and processes are the drivers of global industrial production. With SPS (smart and digital automation), SMT Connect (electronic assemblies and systems) and PCIM Europe (power electronics, intelligent motion, renewable energy and energy management), MESAGO Messe Frankfurt organises the most important international forums for the respective industries.

Visitors and exhibitors at SPS 2018

65,700 visitors
1,631 exhibitors



Mobility & Logistics

Megatrends such as digitalisation and decarbonisation are bringing a sea change in mobility and logistics. Electrification, unabated urbanisation, improved infrastructure and digital disruption are some of the major challenges of our time. Messe Frankfurt offers its customers in the automotive and logistics sector a number of appropriate B2B encounter formats: 17 Automechanika trade fairs worldwide, logistics trade fairs such as Materials Handling Middle East or specialised rail fairs such as Raillog Korea. Hypermotion, a mix of exhibition, conferences, pitches and talks, is all about interfaces between mobility and logistics. The portfolio is rounded out by events in the areas of commercial vehicles, motorbikes, aviation and Festivals of Motoring – a B2C event for real petrol heads and their families directly on the racetrack.

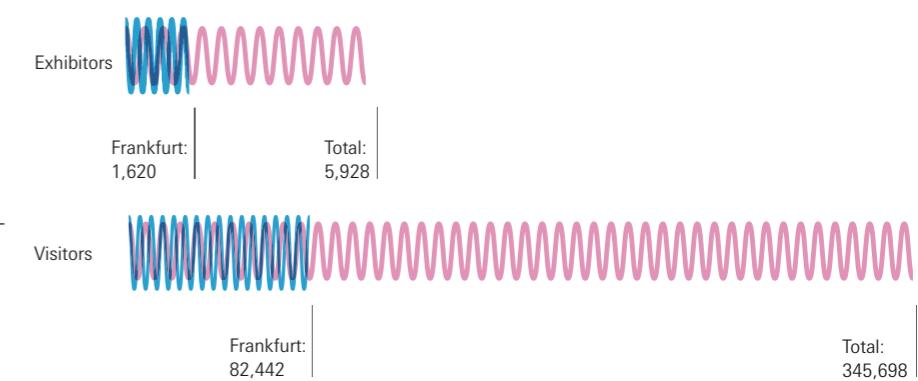
Visitors at Festival of Motoring, Motobike Istanbul and Automechanika



Entertainment, Media & Creative Industries

Music, show and live performance reach a new level of experience, made possible by technologies and services for production, staging and digital networking. Musikmesse in Frankfurt and Music China in Shanghai are the leading international trade fairs for music instruments and equipment, which are increasingly integrating topics such as music marketing, education and therapy. Prolight + Sound is the largest international trade fair for event and media technology, system integration, production and broadcasting, and event installations. Media Expo in Mumbai and New Delhi rounds out the offering by showcasing the product mix ranging from indoor & outdoor advertising to signage concepts for digital advertising screens and visual merchandising.

Exhibitors and visitors at the worldwide Musikmesse and Prolight + Sound events

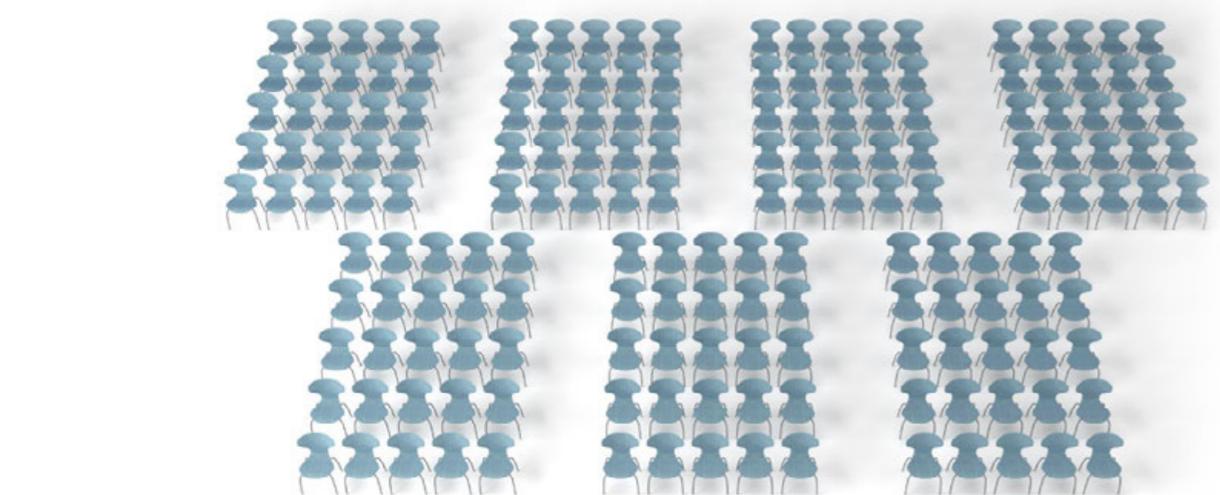


Locations

Messe Frankfurt consolidates its competence as a host for event organisers and sustainable marketing of the infrastructure at its home venue in the Locations business segment. The exhibition centre in the heart of Frankfurt hosted 273 guest events in 2018. Whether for trade fairs, congresses, exhibitions, concerts or other events – the flexibly combinable and ideally connected locations are the perfect setting for all manner of event formats, large or small. 393,838 square metres of hall space, 59,506 square metres of outdoor space and over 90 congress and conference rooms are available. Alongside the exhibition halls, the Congress Center Messe Frankfurt, the Kap Europa congress centre and the Forum, Messe Frankfurt's locations also include the historical Festhalle multifunctional arena.

Congresses and conferences

As a congress destination, Messe Frankfurt again attracted a high number of international congresses and conferences in 2018, such as the World Bank Group's conference and exhibition format Innovate4Climate addressing innovations in the field of climate protection, the 1st congress of the Deutsche Diabetes Föderation e.V. for children and adolescents, and CSI Frankfurt, international congress for heart surgeons. In addition to scientific congresses, the Frankfurt exhibition grounds also regularly play host to international association congresses as well as AGMs, product launches, staff events and sales meetings.



Congresses and conferences
at the Frankfurt exhibition grounds

175

Events, concerts and shows

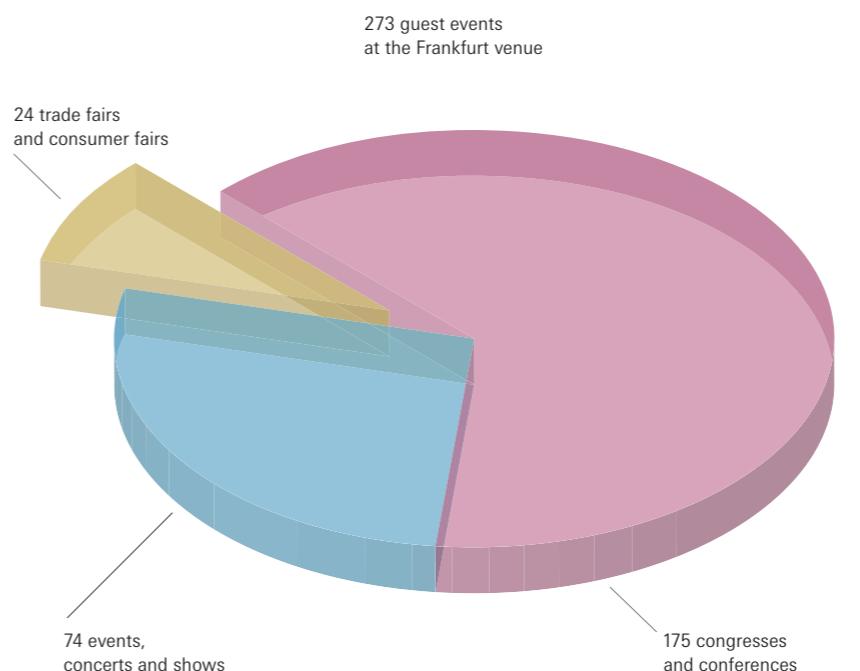
The Festhalle is Frankfurt's largest multifunctional hall with a capacity of up to 15,000 visitors. World stars such as Lenny Kravitz and Justin Timberlake or the artistes from Cirque du Soleil or Holiday on Ice appreciate the special atmosphere of the place. Major sporting events such as the Festhalle Riding Tournament or the Mainova Frankfurt Marathon and the Best of Belron global carglass technicians' competition, as well as organisers of high-calibre company events, all benefit from the flexible and highly modern range of services the building steeped in more than 100 years of history offers. And that doesn't go unrecognised: in 2018, the Festhalle won the Live Entertainment Award in the category "Best Arena/Hall of the Year 2017".

Events, concerts and shows
at the Frankfurt venue



74 events
with 529,865 visitors

Guest events at the Frankfurt venue



Trade fairs and consumer fairs

World-renowned trade fairs such as the international motor show (IAA Cars), the Frankfurt Book Fair, IMEX (leading worldwide exhibition for meetings, incentive travel, conferences and events), ACHEMA (leading international communication hub for the process industries) and CPhI worldwide (leading international platform for the pharmaceuticals industry) have availed themselves of Messe Frankfurt's locations for decades. In 2018, Optatec, international trade fair for optical technologies, components and systems, Intergeo, international exhibition and networking platform for geotT, GIS, smart cities, BIM and drones, and Tech Week, trade fair and conference format for the IT sector, were some of the events that decided in favour of the Frankfurt exhibition centre. Consumer fairs such as Kreativ Welt, Land & Genuss and Discovery Art Fair were also among the guest events hosted by Messe Frankfurt.

Services

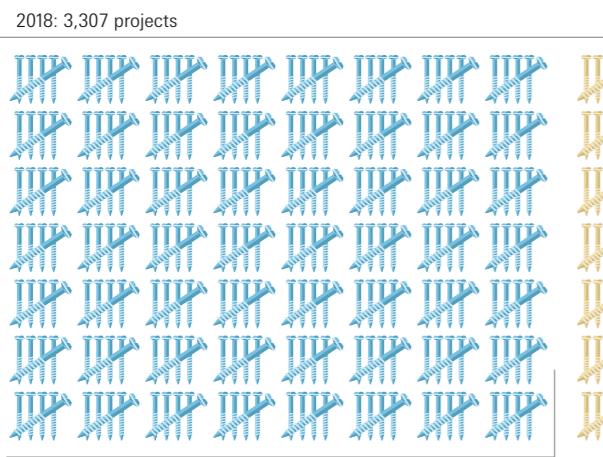
Event-related services are a central component of Messe Frankfurt's offering for exhibitors and event organisers. The Services business segment provides services ranging from logistics, stand construction and marketing to catering, thus creating the ideal framework for a successful trade fair presentation within the context of an event format. The company is continuously expanding its real and digital service offerings – at the Frankfurt venue and worldwide.

Logistics service & traffic management

To ensure smooth set-up and dismantling as well as just-in-time delivery of goods, Messe Frankfurt offers its own logistics service, supported by coordinated traffic management within and around the Frankfurt exhibition grounds. Exhibitors, stand construction contractors, forwarding agents and event organisers take advantage of the service, starting with advice on logistics possibilities and solutions, delivery of exhibits and stand construction materials with the help of forklifts, cranes and experienced personnel through to the handling and storage of goods in the 6,000 square metre Cargo Center.



Standard and customised stand construction projects at the Frankfurt venue in 2018



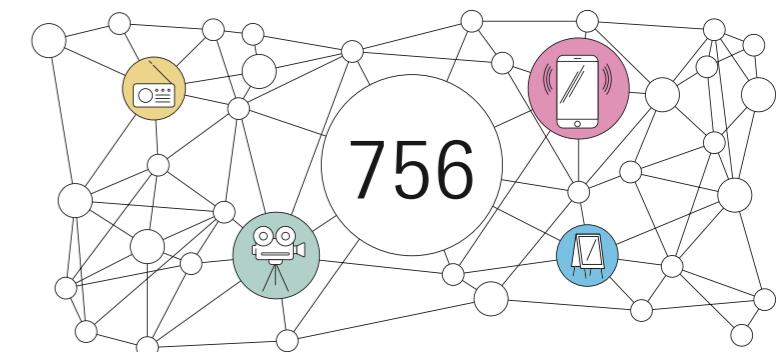
Fairconstruction

Fairconstruction is Messe Frankfurt's expert for exhibition stand construction services that oversee more than 3,000 projects throughout the year, predominantly at the Frankfurt venue. The stand constructor supports exhibitors and event organisers from the planning stage, design and organisation through to realisation of a customised exhibition stand. Fairconstruction offers a wide range of complete packages, individual solutions, equipment and technology.

Advertising services

Effective marketing both on-site and online is crucial in ensuring a successful trade fair presentation. Messe Frankfurt offers eye-catching advertising possibilities, online banners and multimedia solutions as well as individual promotion for exhibitors and event organisers. This raises brand awareness, and messages immediately and directly reach the intended target group both at the Frankfurt exhibition grounds and through online media.

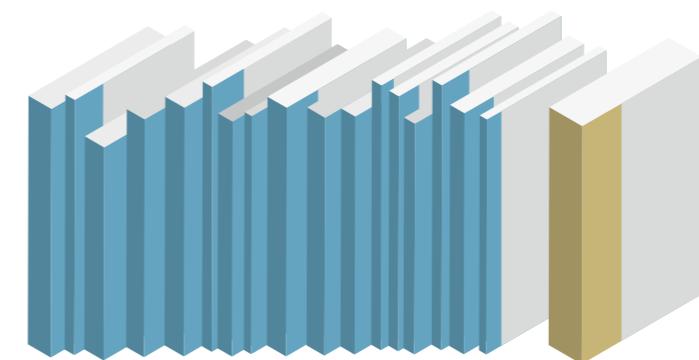
Customers of on-site and online advertising media in 2018



Messe Frankfurt supported and advised 756 customers with their advertising and marketing messages, e.g. through radio advertising, posters or video production and live streaming.

Publishing services

One of Messe Frankfurt's USPs is its own publisher. The publishing services produce trade fair catalogues, thematic journals and trade fair newspapers to accompany the events at the Frankfurt exhibition grounds.



Event-related publications in 2018

17 event-related publications as print magazine or daily newspaper each with several editions per day

+ Special publication to commemorate the 25th Automechanika in Frankfurt

Accente

Accente is Messe Frankfurt's very own gastronomy and catering expert at the Frankfurt exhibition centre. Offering catering delivery services directly to exhibition stands, buffet menus for all manner of congress and event formats as well as 22 restaurants and over 50 bistros across the exhibition grounds, plus the "Depot 1899" pub outside the grounds, the Accente subsidiary caters to the creature comforts of Messe Frankfurt's customers.

Coffee specialities at the Book Fair in 2018



Overall activities of Messe Frankfurt in 2018

	Exhibitors				Net space (in m ²)			Visitors		
	Number of events	Host country	Other countries	Total	incl. special show space	Host country	Other countries	Total		
Trade fairs and exhibitions at the Frankfurt exhibition venue	39	12,934	28,274	41,208	1,239,801	851,778	636,073	1,487,851		
Trade fairs and exhibitions in Germany outside the Frankfurt exhibition venue	8	3,257	1,522	4,779	181,684	104,525	31,047	135,572		
Events outside Germany	101	36,774	18,645	55,419	1,518,445	2,130,466	309,391	2,439,857		
Other events organised by Messe Frankfurt Exhibition GmbH (not linked to trade fairs) at the Frankfurt exhibition venue	1	–	–	–	–	378	42	420		
Congresses and events at the Frankfurt exhibition venue	249	–	–	–	–	680,719	–	680,719		
German pavilions (planning and implementation of trade fair participations)	13	–	–	–	–	–	–	–		
Congresses, conventions and other activities outside Germany	96	–	–	–	–	21,517	–	21,517		
Total	507	52,965	48,441	101,406	2,939,930	3,789,383	976,553	4,765,936		

Trade fairs and exhibitions at the Frankfurt exhibition venue in 2018

	Exhibitors				Net space (in m ²)			Visitors				
	Number of events	Host country	Other countries	Total	incl. special show space	Host country	Other countries	Total				
■ Achema ¹					1,644	2,093	3,737	132,254	99,215	45,413	144,628	
■ Ambiente					832	3,544	4,376	179,649	55,150	78,432	133,582	
■ Automechanika					696	4,246	4,942	190,366	51,969	82,653	134,622	
■ Book Fair ¹					2,292	5,211	7,503	80,000	156,788	128,236	285,024	
■ Christmasworld					234	814	1,048	56,125	16,110	27,340	43,450	
■ Cleanzone					55	23	78	1,851	497	302	799	
■ Creativeworld					64	271	335	13,637	3,099	6,167	9,266	
■ EnEff – International Trade Fair and Congress for Heating, Cooling and CHP					75	15	90	2,367	1,456	170	1,626	
■ Formnext					290	342	632	21,844	13,821	13,098	26,919	
■ Franchise Expo Frankfurt					95	45	140	1,771	2,088	201	2,289	
■ GPEC General Police Equipment Exhibition & Conference					395	186	581	10,795	4,451	2,991	7,442	
■ Heimtextil					316	2,657	2,973	134,366	18,891	49,693	68,584	
■ HI Europe – Health Ingredients Europe					61	431	492	10,060	2,380	6,630	9,010	
■ IMEX					448	2,925	3,373	27,690	4,010	4,818	8,828	
■ Intergeo					356	277	633	17,242	10,304	9,167	19,471	
■ Light + Building					825	1,894	2,719	155,686	105,761	115,103	220,864	
■ Musikmesse					290	595	885	21,464	27,199	11,322	38,521	
■ Optatec					246	294	540	8,432	3,713	2,090	5,803	
■ Paperworld					240	1,394	1,634	39,501	11,072	22,715	33,787	
■ Prolight + Sound					276	459	735	36,656	19,489	24,432	43,921	
■ Tendence					452	406	858	44,214	14,155	3,581	17,736	
■ Zellcheming-Expo					78	52	130	2,040	1,486	411	1,897	
International trade fairs	22	10,260	28,174	38,434	1,188,010	623,104	634,965	1,258,069				
■ Cloud Expo ¹					168	45	213	4,696	4,406	778	5,184	
■ Cosmetica					180	32	212	6,256	14,301	–	14,301	
■ FI-Forum					93	3	96	8,800	15,006	69	15,075	
■ Hypermotion					126	12	138	1,938	2,424	121	2,545	
■ INServFM					108	8	116	2,901	3,537	140	3,677	
Trade exhibitions	5	675	100	775	24,591	39,674	1,108	40,782				
■ Sales marts and exhibitions					12	1,999	–	1,999	27,200	189,000	–	189,000
Exhibitions open to the public	12	1,999	–	1,999	27,200	189,000	–	189,000				

¹ Messe Frankfurt estimate, unconfirmed figures provided by the organiser

- International trade fairs
- Trade exhibitions
- Exhibitions open to the public

Trade fairs and exhibitions at the Frankfurt exhibition venue in 2018

	Exhibitors				Net space (in m ²)				Visitors			
	Number of events	Exhibitors			incl. special show space	Net space (in m ²)			Host country	Visitors		
		Host country	Other countries	Total		Host country	Other countries	Total		Host country	Other countries	Total
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■ Exhibitions open to the public	12	1,999	—	1,999	27,200	189,000	—	189,000				
	39	12,934	28,274	41,208	1,239,801	851,778	636,073	1,487,851				

Trade fairs and exhibitions in Germany outside the Frankfurt venue in 2018

	Exhibitors				Net space (in m ²)				Visitors			
	Number of events	Exhibitors			incl. special show space	Net space (in m ²)			Host country	Visitors		
		Host country	Other countries	Total		Host country	Other countries	Total		Host country	Other countries	Total
■ EMV	73	42	—	115	2,175	2,423	1,038	3,461				
■ Neonyt (Summer) (formerly Greenshowroom and Ethical Fashion Show Berlin)	51	88	—	139	1,460	3,500	500	4,000				
■ Neonyt (Winter) (formerly Greenshowroom and Ethical Fashion Show Berlin)	67	97	—	164	1,568	3,719	1,239	4,958				
■ Nordstil (Summer Edition)	643	153	—	796	30,090	13,043	390	13,433				
■ Nordstil (Winter Edition)	810	169	—	979	36,239	19,569	442	20,011				
■ PCIM Europe (trade fair/congress)	250	271	—	521	14,757	6,610	5,520	12,130				
■ SMT Hybrid Packaging	276	158	—	434	13,352	8,115	3,764	11,879				
■ SPS	1,087	544	—	1,631	82,043	47,546	18,154	65,700				
	8	3,257	1,522	4,779	181,684	104,525	31,047	135,572				

Trade fairs and exhibitions in Germany in 2018

	Exhibitors				Net space (in m ²)				Visitors			
	Number of events	Exhibitors			incl. special show space	Net space (in m ²)			Host country	Visitors		
		Host country	Other countries	Total		Host country	Other countries	Total		Host country	Other countries	Total
■ International trade fairs	26	11,946	29,189	41,135	1,300,337	687,798	663,441	1,351,239				
■ Regional trade fairs	2	1,453	322	1,775	66,329	32,612	832	33,444				
■ Trade exhibitions	7	793	285	1,078	27,619	46,893	2,847	49,740				
■ Exhibitions open to the public	12	1,999	—	1,999	27,200	189,000	—	189,000				
	47	16,191	29,796	45,987	1,421,485	956,303	667,120	1,623,423				

Congresses, events and other activities in 2018

	Exhibitors				Net space (in m ²)				Visitors			
	Number of events	Exhibitors			incl. special show space	Net space (in m ²)			Host country	Visitors		
		Host country	Other countries	Total		Host country	Other countries	Total		Host country	Other countries	Total
Congresses and conferences at the exhibition centre not linked to trade fairs	175	—	—	—	—	—	—	—	150,854	—	—	150,854
Conventions (concerts, sporting, religious, political and other events)	74	—	—	—	—	—	—	—	529,865	—	—	529,865
	249	—	—	—	—	—	—	—	680,719	—	—	680,719

■ International trade fairs
 ■ Regional trade fairs
 ■ Trade exhibitions
 ■ Exhibitions open to the public

Technology

	Exhibitors			Net space (in m ²)		Visitors		
	Number of events	Host country	Other countries	Total	incl. special show space	Host country	Other countries	Total
Bakery								
Modern Bakery	1	152	79	231	6,933	14,764	1,284	16,048
Environment								
Eco Expo Asia		188	150	338	4,671	6,822	8,002	14,824
Waste & Recycling Expo Canada	2	183	4	187	3,317	1,216	77	1,293
Formnext								
Asiamold		246	4	250	3,942	24,012	1,500	25,512
Rosmould		108	45	153	1,575	4,856	338	5,194
Hardware + Tools	2	354	49	403	5,517	28,868	1,838	30,706
Hardware + Tools Middle East	1	15	97	112	1,608	1,823	304	2,127
IFFA								
Meat Expo China		113	1	114	2,711	37,341	1,145	38,486
Tecno Fidta		143	18	161	5,241	9,857	448	10,305
Intersec	2	256	19	275	7,952	47,198	1,593	48,791
Intersec		200	1,134	1,334	32,962	15,194	13,805	28,999
Intersec Buenos Aires		170	15	185	6,864	13,252	522	13,774
Intersec Saudi Arabia		76	59	135	2,469	4,784	370	5,154
Secutech		339	88	427	8,726	18,033	1,874	19,907
Secutech India		130	14	144	5,689	15,893	6,811	22,704
Secutech Thailand		50	78	128	2,619	7,155	1,265	8,420
Secutech Vietnam		97	170	267	4,688	9,593	125	9,718
ISH	7	1,062	1,558	2,620	64,017	83,904	24,772	108,676
ISH China & CIHE		1,101	216	1,317	64,049	65,779	4,423	70,202
ISH India powered by IPA		56	9	65	1,635	6,567	0	6,567
ISH Shanghai & CIHE		193	24	217	5,154	18,053	910	18,963
Light + Building	3	1,350	249	1,599	70,838	90,399	5,333	95,732
GZ Int. Lighting Exhibition/GZ Elec. Build. Technology		2,658	207	2,865	108,167	165,537	28,878	194,415
IEE Expo		140	31	171	6,781	9,225	175	9,400
Interlight Moscow powered by Light + Building		237	210	447	9,341	29,985	1,935	31,920
LED Expo Delhi		208	127	335	5,763	10,040	217	10,257
LED Expo Mumbai		144	100	244	3,703	9,600	0	9,600
Light India		94	90	184	5,638	9,393	86	9,479
Light Middle East		52	281	333	5,884	4,337	1,387	5,724
Shanghai Intelligent Building Technology		258	14	272	10,126	28,761	662	29,423
Shanghai International Lighting Fair		208	3	211	4,010	12,425	260	12,685
Thailand Lighting Fair		74	76	150	2,149	8,406	1,864	10,270
PCIM	10	4,073	1,139	5,212	161,562	287,709	35,464	323,173
PCIM Asia		53	38	91	1,753	4,958	430	5,388
SPS	1	53	38	91	1,753	4,958	430	5,388
SIAF – SPS Industrial Automation Fair Guangzhou		529	14	543	15,413	53,576	2,000	55,576
SPS Automation India		10	11	21	258	296	58	354
SPS IPC Drives Italia		396	61	457	30,744	33,898	1,290	35,188
Texcare	3	935	86	1,021	46,415	87,770	3,348	91,118
Middle East Cleaning Technology Week		32	29	61	1,812	2,115	802	2,917
Wire & Cable	1	32	29	61	1,812	2,115	802	2,917
Wire & Cable Guangzhou		73	0	73	1,489	22,122	498	22,620
Total Technology	34	8,726	3,497	12,223	377,883	679,668	83,745	763,413

Consumer Goods

	Exhibitors			Net space (in m ²)		Visitors		
	Number of events	Host country	Other countries	Total	incl. special show space	Host country	Other countries	Total
Ambiente								
Ambiente India ²	49	23	72	1,122	—	—	—	—
IFFT / Interior Lifestyle Living	342	82	424	8,061	16,850	724	17,574	
Interior Lifestyle China	286	151	437	9,356	23,026	544	23,570	
Interior Lifestyle Tokyo	615	195	810	10,670	24,334	1,122	25,456	
Beautyworld	4	1,292	451	1,743	29,209	64,210	2,390	66,600
Beautyworld Japan	506	96	602	18,543	71,790	4,912	76,702	
Beautyworld Japan Fukuoka	95	1	96	2,136	4,552	30	4,582	
Beautyworld Japan West	281	11	292	7,784	23,711	763	24,474	
Beautyworld Middle East	200	1,538	1,738	33,083	17,791	18,902	36,693	
Beautyworld Saudi Arabia	66	78	144	2,528	4,228	444	4,672	
Paperworld	5	1,148	1,724	2,872	64,074	122,072	25,051	147,123
Hong Kong International Stationery Fair	23	234	257	1,827	8,537	12,423	20,960	
Paperworld China	471	28	499	7,302	26,143	725	26,868	
Paperworld Middle East	31	276	307	4,908	4,305	2,874	7,179	
Independent – Consumer Goods	3	525	538	1,063	14,037	38,985	16,022	55,007
Baby & Stroller China	59	6	65	2,029	3,208	185	3,393	
Toy & Hobby China	1,002	38	1,040	32,174	50,262	2,894	53,156	
Independent – Leisure & Entertainment	2	1,061	44	1,105	34,203	53,470	3,079	56,549
Fitex India	35	—	35	3,221	4,494	6	4,500	
Interpets Asia Pacific	420	82	502	10,098	41,150	916	42,066	
Total Consumer Goods	16	4,481	2,839	7,320	154,841	324,381	47,464	371,845

² Ambiente India and Heimtextil India are held in parallel, therefore it is not possible to state how many visitors attended each fair.

Textiles & Textile Technologies

	Exhibitors				Net space (in m ²)		Visitors		
	Number of events	Host country	Other countries	Total	incl. special show space	Host country	Other countries	Total	
Apparel Sourcing									
Apparel Sourcing Paris (Autumn) ³		—	684	684	8,098	—	—	—	
Apparel Sourcing Paris (Spring) ⁴		—	283	283	3,114	—	—	—	
Apparel Sourcing USA (Summer)		8	202	210	2,474	542	92	634	
Apparel Sourcing USA (Winter)		6	98	104	1,167	542	71	613	
	4	14	1,267	1,281	14,853	1,084	163	1,247	
Heimtextil									
Heimtextil India ²		76	9	85	2,684	7,059	—	7,059	
Heimtextil Russia		93	136	229	5,412	17,682	1,129	18,811	
	2	169	145	314	8,096	24,741	1,129	25,870	
Home Textiles Sourcing									
Home Textiles Sourcing Expo		6	120	126	1,338	352	50	402	
	1	6	120	126	1,338	352	50	402	
Intertextile (Apparel)									
Intertextile Shanghai Apparel Fabrics – Autumn Edition	3,796	684	4,480	107,846	64,067	14,064	78,131		
Intertextile Shanghai Apparel Fabrics – Spring Edition	3,016	370	3,386	74,148	68,156	14,158	82,314		
	2	6,812	1,054	7,866	181,994	132,223	28,222	160,445	
Intertextile (Home)									
Intertextile Shanghai Home Textiles – Autumn Edition	940	151	1,091	75,909	34,896	4,834	39,730		
Intertextile Shanghai Home Textiles – Spring Edition	218	14	232	12,170	19,574	1,296	20,870		
	2	1,158	165	1,323	88,079	54,470	6,130	60,600	
Screen Print India									
	1	71	22	93	1,824	5,691	47	5,738	
Techtextil									
Cinte Techtextil China	348	137	485	11,624	12,211	992	13,203		
Techtextil North America (Atlanta)	190	197	387	6,320	3,740	1,050	4,790		
Techtextil Russia	52	114	166	1,367	1,178	7,938	9,116		
	3	590	448	1,038	19,311	17,129	9,980	27,109	
Texprocess									
Emitex	122	90	212	4,948	9,850	307	10,157		
Texprocess Americas	121	60	181	6,627	3,185	848	4,033		
	2	243	150	393	11,575	13,035	1,155	14,190	
Texworld									
Texworld Paris (Autumn) ³	—	1,094	1,094	18,368	—	14,803	14,803		
Texworld Paris (Spring) ⁴	—	769	769	13,531	—	13,606	13,606		
Texworld USA (Summer)	17	484	501	6,101	3,868	440	4,308		
Texworld USA (Winter)	17	247	264	3,410	3,387	389	3,776		
	4	34	2,594	2,628	41,410	7,255	29,238	36,493	
Yarn Expo									
Yarn Expo Autumn		386	115	501	12,152	16,343	2,660	19,003	
Yarn Expo Spring		363	72	435	12,612	20,253	5,713	25,966	
	2	749	187	936	24,764	36,596	8,373	44,969	
Independent – Apparel Fabrics & Fashion									
ATF-Apparel, Textile & Footwear Trade Exhibition		14	141	155	1,768	982	18	1,000	
Leatherworld Middle East		3	30	33	297	1,205	446	1,651	
Source Africa		68	64	132	2,004	1,407	8	1,415	
	3	85	235	320	4,069	3,594	472	4,066	
Total Textiles & Textile Technologies									
	26	9,931	6,387	16,318	397,313	296,170	84,959	381,129	

² Ambiente India and Heimtextil India are held in parallel, therefore it is not possible to state how many visitors attended each fair.

³ Texworld Paris (Autumn) and Apparel Sourcing Paris (Autumn) are held in parallel, therefore it is not possible to state how many visitors attended each fair.

⁴ Texworld Paris (Spring) and Apparel Sourcing Paris (Spring) are held in parallel, therefore it is not possible to state how many visitors attended each fair.

Entertainment, Media & Creative Industries

	Exhibitors				Net space (in m ²)		Visitors		
	Number of events	Host country	Other countries	Total	incl. special show space	Host country	Other countries	Total	
Musikmesse									
Music China		—	366	2,252	66,168	106,178	4,203	110,381	
NAMM Musikmesse Russia		57	6	63	1,387	26,301	513	26,814	
	2	1,943	372	2,315	67,555	132,479	4,716	137,195	
Prolight + Sound									
Prolight + Sound Guangzhou		1,263	37	1,300	73,546	71,870	4,123	75,993	
Prolight + Sound Middle East		11	27	38	1,023	2,086	688	2,774	
Prolight + Sound NAMM Russia		85	25	110	3,754	15,596	1,206	16,802	
Prolight + Sound Shanghai		520	25	545	17,064	28,571	1,921	30,492	
	4	1,879	114	1,993	95,387	118,123	7,938	126,061	
Independent – Creative & Culture									
Media Expo Delhi		159	35	194	5,855	15,200	138	15,338	
Media Expo Mumbai		137	6	143	3,670	12,205	17	12,222	
	2	296	41	337	9,525	27,405	155	27,560	
Total Entertainment, Media & Creative Industries									
	8	4,118	527	4,645	172,467	278,007	12,809	290,816	

Mobility & Logistics

	Exhibitors				Net space (in m ²)	
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2018 Group management report of Messe Frankfurt GmbH, Frankfurt am Main

I. Corporate profile

The core activities of the Messe Frankfurt Group consist in hosting trade fairs and exhibitions worldwide. Around 150 events made by Messe Frankfurt take place at some 50 venues around the world. These are organised by Messe Frankfurt Exhibition GmbH and its subsidiaries in Germany and abroad. Furthermore, via Messe Frankfurt Venue GmbH, the group also markets exhibition space to trade fair, congress and event organisers and, in addition to the related infrastructure, also provides numerous services. The joint umbrella of the group is Messe Frankfurt GmbH, which in its function as a holding company not only provides group management and central support functions but also administrative services, primarily for the companies at the Frankfurt am Main venue.

The main focus of the group's activities is the international industry flagship shows held at the Frankfurt venue. By virtue of their size and internationality, these trade fairs often have a dominant character for the respective industry sector and within the trade fair industry. These leading trade fairs bring together the relevant international range of goods and services on offer with the corresponding demand in Europe and worldwide. They are thus an ideal platform to present innovations, and are therefore deemed to be the leading showcase within their respective industry.

Building on its thematic core competences, above all in the Mobility & Logistics and Textiles & Textile Technologies business segment, Messe Frankfurt has succeeded over the past decades in expanding its trade fair themes on the world stage. In this, the company pursues the goal to be a reliable long-term partner to its customers in the international arena. To support it in achieving this goal, Messe Frankfurt can fall back on 23 foreign subsidiaries/joint ventures and six branch offices. Messe Frankfurt also has a very efficient international sales network, which is managed by Messe Frankfurt Exhibition GmbH. In addition to the foreign subsidiaries, this is made up of 56 sales partners around the world.

Apart from a sales function for the group's own trade fairs, the operating activities of the foreign subsidiaries consist in the organisation of trade fairs from the group's brand portfolio for own financial account. Additionally, as the economy becomes ever more internationally interdependent, the marketing of media and digital services is also gaining in importance.

In the 2018 reporting period, Messe Frankfurt further expanded its portfolio through the acquisition of a new company in the UK as well as of the remaining shares in the company in South Africa.

Apart from Messe Frankfurt Exhibition GmbH, many guest and congress organisers take advantage of the Frankfurt exhibition grounds to stage their trade fairs, congresses and events through Messe Frankfurt Venue GmbH. They bear out the high level of attractiveness and competitiveness of both the city and Messe Frankfurt thanks to their central location, continuously improving infrastructure and accessibility.

II. Report on economic position

General economic trend

While the boom has passed, the German economy nevertheless continues to grow. According to preliminary estimates of the Federal Statistical Office (Destatis), the price-adjusted gross domestic product (GDP) in 2018 was 1.5 percent higher than in the previous year. The German economy thus grew for the ninth year in succession; however, the pace of growth has slowed. In the previous two years, price-adjusted GDP rose by 2.2 percent and 1.9 percent respectively. A longer-term view shows that German economic growth in 2018 exceeded the average growth rate of the last ten years (+1.2 percent).¹

In 2018, positive growth impulses came primarily from the domestic economy: both private and public consumer spending were higher than in the previous year, but significantly lower than in the last three years.¹ However, industrial companies have not expanded their production since the start of the year. This slowdown in growth can to some extent be attributed to production- and demand-related difficulties. In addition to strike- and sickness-related production losses in the first few months of the year, the German automotive industry experienced serious problems in the summer with the certification of new cars under the new WLTP exhaust gas test criteria, which were the main reason for the decline in overall economic production in the third quarter. High overall economic capacity utilisation, which was accompanied by a pronounced shortage of labour and delays in the supply chains, also stood in the way of a stronger expansion of production, which might have been expected given the high order backlog of German industry at the beginning of the year.²

The global economy also lost momentum. After a very strong second quarter of 2018, the global economy expanded much more slowly in the third quarter, thus continuing the sluggish trend of the 2017/18 winter half-year. Although overall economic production in the USA increased strongly in both quarters, supported by fiscal stimuli, economic activity in the euro zone rose only very moderately in the third quarter due to declining net exports.^{2,3} While private and public consumer spending continued to support expansion, foreign trade on

balance had a dampening effect. Despite the slowdown, the global economy as a whole is still experiencing an upswing, as capacity utilisation continues to rise in the majority of economies.²

After strong momentum in 2017, global trade growth slowed markedly in the first half of 2018 and has only partially recovered since then, as the World Bank observes. The decline was more pronounced than previously expected and reflects a drop in order intake and lower global trading activities.³ Both the ifo Institute and the World Trade Outlook Indicator signal weaker growth in world trade. Overall, international trade will increase by 3.5 percent in 2018. In 2019, the rate is expected to decline slightly in line with the dynamics of world production, while the trade volume should expand by 3 percent.⁴

Developments in the trade fair sector

Exhibitions in Germany held their ground in 2018 with solid results despite difficult overall economic conditions. With around 195,000 exhibitors and 7.1 million square metres of stand space, the 178 international and national events in 2018 had an average of 1.5 percent more exhibitors who booked around 1 percent more stand space than their respective previous events. At 9.5 million, the number of visitors fell just half a percent short of previous levels. These figures are the result of a preliminary analysis by AUMA – the Association of the German Trade Fair Industry.

The 2018 increases in exhibitor numbers and stand space are less than the growth rates in 2017, which showed a good 3.5 percent more participation and around 3 percent more stand space. Yet these growth rates occurred despite considerably greater uncertainty about the domestic economy and foreign trade – summed up by the term ‘protectionism’ – which could have forced businesses to take a markedly more cautious approach to trade fairs.

AUMA's analysis also shows that the international appeal of German trade fairs remains unchallenged. In 2018, foreign participation increased at a significantly above-average rate of around 3 percent – for exhibitors and visitors alike.⁵

¹ Federal Statistical Office / Destatis: press release dated 15 January 2019, "German economy grew 1.5% in 2018"

² ifo Institute: ifo economic forecast for winter 2018, Summary dated 13 December 2018

³ World Bank Group: Global Economic Prospects, Darkening Skies, January 2019

⁴ ifo Institute ifo economic report 4/2018, prepared for Messe Frankfurt GmbH

⁵ www.auma.de: press release dated 8 January 2019, "German trade fairs remain on course: Further increase in exhibitor numbers"

Development of business

In addition to the financial performance indicators sales revenue, EBITDA and consolidated net income, the non-financial performance indicators exhibitors, net space and visitors are also important for the group.

The Messe Frankfurt Group staged 148 trade fairs and exhibitions worldwide in the 2018 reporting year (previous year 146). A total of 101,406 exhibitors (previous year 94,892) and around 4.1 million visitors (previous year 4.4 million) were registered; the total net leased exhibition

space was over 2.9 million square metres (previous year 2.9 million square metres). These trade fairs and exhibitions were complemented by 250 congresses, conventions and other activities (previous year 220) that were organised and held at the Frankfurt am Main venue, which attracted 681,139 visitors (previous year 569,642), as well as 13 German pavilions worldwide (previous year 16). Another 96 congresses, conferences and other activities were held abroad with 21,517 participants in total. Thus, all Messe Frankfurt Group events aggregated around 4.8 million attendees in the reporting period (previous year 5.0 million).

Performance indicators – trade fairs and exhibitions in 2018

	Number of events	Exhibitors	Net space* (in m ²)	Visitors
Total activities 2018				
Trade fairs and exhibitions				
– at the Frankfurt am Main exhibition centre	39	41,208	1,239,801	1,487,851
– at other venues in Germany	8	4,779	181,684	135,572
Total Germany	47	45,987	1,421,485	1,623,423
Other countries	101	55,419	1,518,445	2,439,857
Total trade fairs and exhibitions	148	101,406	2,939,930	4,063,280
Other events organised by Messe Frankfurt Exhibition GmbH (independently of trade fairs) at the Frankfurt venue	1	–	–	420
Congresses and conventions at the Frankfurt venue	249	–	–	680,719
German pavilions (planning and execution of trade fair participations)	13	–	–	–
Congresses, conferences and other activities at other venues outside Germany	96	–	–	21,517
Total activities	507	101,406	2,939,930	4,765,936

* Incl. special show space

The group's own exhibition centre in Frankfurt was the venue for 39 trade fairs and exhibitions in 2018 (previous year 39), including 12 events organised by Messe Frankfurt Exhibition GmbH (previous year 13) and 3 by MESAGO Messe Frankfurt GmbH, Stuttgart (previous year 3). These 15 own group events in Frankfurt recorded 21,599 exhibitors (previous year 18,423) and 780,170 visitors (previous year 684,237). Around 0.9 million square metres of net exhibition space including special show space (previous year 0.8 million) was booked for these own group events in Frankfurt. A comparison with 2017 is difficult due to the rhythm of events, as the sum of the key figures for the trade fairs with a multi-year rhythm held in the 2018 reporting period (Automechanika, Light + Building) is higher

than the sum of the key figures for ISH, Techtextil and Texprocess that took place in 2017. Compared to the respective prior events, exhibitor figures, visitor figures and the amount of net leased space at the trade fairs organised by Messe Frankfurt Exhibition GmbH remained consistent.

Furthermore, despite the tense market situation (competing events in Stuttgart and Munich), MESAGO Messe Frankfurt GmbH succeeded in further consolidating the Formnext event.

This event targets the growing market for additive technologies. These range from (rapid) prototyping and modern product development and manufacturing, to integration into tool making and mould making, and establishing 3D printing as an innovative manufacturing technology. A total of 632 exhibitors (+34.5 percent) and 26,919 trade visitors (+25.3 percent) from around the world attended the fourth edition of this event. The 849 conference participants and numerous representatives from the national and international trade press further underscored the positive trend.

The quality of the group's own events was also reflected in their level of internationality: 77.4 percent foreign participation among exhibitors and 55.8 percent among visitors at Messe Frankfurt's international own group events at its home venue are indicators of outstanding market penetration. This guarantees maximum customer benefit on both the supply and demand side. With these internationality values, Messe Frankfurt ranks first in the competitive environment: AUMA puts the average internationality rates for events in Germany provisionally at 61 percent for exhibitors and 31 percent for visitors.

In terms of guest events, the 2018 reporting year ranks among the weaker years, as neither of the major events IAA Cars and CPhI worldwide was scheduled. A total of 24 guest fairs (previous year 23), including 12 exhibitions open to the public, complemented the event portfolio at the Frankfurt exhibition venue. These events attracted 19,609 exhibitors (previous year 18,485) and over 0.7 million visitors (previous year 1.4 million). For these events, 605,308 gross square metres of exhibition space (previous year 773,917) was leased. The annual Frankfurt Book Fair occupied a firm place on the Frankfurt calendar of events. The new trade fair concept was reaffirmed by stable exhibitor participation and stable visitor numbers. Held in a two- and three-year rhythm respectively, Optatec and ACHEMA recorded steady key figures in terms of exhibitors and gross square metres. While Optatec chalked up a slight increase in visitor numbers, visitors to ACHEMA declined by 13 percent. 2018 was the first year that the Frankfurt exhibition centre hosted GPEC General Police Equipment Exhibition & Conference, an international trade fair and conference for domestic security. The event portfolio was rounded out by the annual Cosmetica Frankfurt, Cloud Expo, IMEX and the multi-year events HI – Health Ingredients Europe and FI – Food Ingredients Europe. Overall,

the number of guest events held at the Frankfurt exhibition centre increased compared with previous years.

At other trade fair venues in Germany, Messe Frankfurt Exhibition GmbH and MESAGO Messe Frankfurt GmbH, Stuttgart, hosted eight (previous year nine) events. In spring and autumn, Messe Frankfurt Exhibition GmbH staged Neonyt, created by the merger of Greenshowroom and the Ethical Fashion Show, in Berlin. In Hamburg, Nordstil was also held in spring and autumn. SPS, PCIM Europe, SMT Hybrid Packaging (all Nuremberg) and EMV (Düsseldorf) belong to the portfolio of MESAGO Messe Frankfurt GmbH. These events in Germany outside Frankfurt attracted 4,779 exhibitors (previous year 4,997) and 135,572 visitors (previous year 141,578). The total net leased space came to 181,684 square metres (previous year 181,369). In addition, a large number of congresses were organised in conjunction with the individual trade fairs.

Foreign operations again contributed significantly to Messe Frankfurt's successful operating result in the 2018 reporting period: at 101 events (previous year 98), 55,419 exhibitors (previous year 52,987) showcased their product and service portfolios to slightly more than 2.4 million visitors (previous year 2.2 million) on around 1.5 million square metres of exhibition space (previous year 1.4 million). Thus, the group's own trade fairs held outside Germany once again demonstrated their relevance for the group in 2018. Asia remained the regional focus of overseas business with 52 events in the reporting year (previous year 54), 29 of which were held in China alone (previous year 29). Another attractive exhibition region for Messe Frankfurt was the EMEA (Europe, Middle East, Africa) economic area, where 34 trade fairs were held (previous year 30). On the American continents, the subsidiaries of Messe Frankfurt Exhibition GmbH organised 15 trade fairs in the year under review (previous year 14).

As part of the optimisation of its product spectrum, Messe Frankfurt Exhibition GmbH expanded its portfolio outside Germany in the reporting year. A total of 15 new events opened their doors for the first time in 2018, including four in Dubai and three in South Africa, one each in the UK, Russia, China, Thailand, Argentina and the USA, and two events in India.

The portfolio is rounded out by 96 congresses, conferences and other activities (previous year 34), which drew a total of 21,517 visitors (previous year 10,784).

In addition to designing and staging its own events, Messe Frankfurt organised 13 German pavilions at international trade fairs (previous year 16). These relate to trade fair participations organised and held on behalf of the Federal Ministry for Economic Affairs and Energy. They facilitate entry into the market for small and medium-sized enterprises in the respective country.

Congresses, conventions and Festhalle events

Apart from guest trade fairs and exhibitions, Messe Frankfurt Venue GmbH organised 175 congresses and meetings (previous year 155). The number of participants increased to 150,854, a rise of around 25,000 participants year-on-year (previous year 125,702). 112 (previous year 101) of these congresses and meetings with 58,815 participants (previous year 53,300) were held at the Kap Europa congress venue. The congresses focused on the fields of science, medicine, IT and finance. Highlights in Messe Frankfurt's congress business included the 5th German Israel Congress with some 2,000 participants at the Congress Center, the Deutsche Diabetes Föderation e.V.'s congress for children and adolescents with around 1,000 participants and the 2nd European Chemistry Partnering with around 500 participants at the Kap Europa venue.

The tradition-steeped and versatile Festhalle was the principal venue for 74 cultural, sporting or show events (previous year 65), which were attended by 529,865 guests (previous year 443,940). In addition to corporate events, these included concerts, sporting events and shows. Sporting attractions featured the Mainova Frankfurt Marathon with the finishing line in the Festhalle (with 11 side events) and the International Festhalle Riding Tournament with ten side events. Among the musical highlights were concerts by international stars such as Rea Garvey, Cro, Nightwish, The Prodigy, Sunrise Avenue, Peter Maffay, Justin Timberlake, Jason Derulo, A-ha, Marius Müller-Westernhagen, David Guetta, The Kelly Family and Andreas Gabalier, plus the Night of the Proms on two days. In the show segment, classic events such as the multi-day Disney on Ice with seven shows, Cirque du Soleil – TORUK 2018 with nine shows, 'Feuerwerk der Turnkunst' (Fireworks of Gymnastics) and Helene Fischer with 35,000 visitors on four days topped the bill.

Development of the trade fair venue

As part of the implementation of the master plan for the future development of the exhibition grounds and infrastructure, the new Exhibition Hall 12 was completed and officially inaugurated in 2018. The construction was concluded on schedule and within budget.

Completion of this infrastructure project with access from Hall 12 to the Portalhaus and the Torhaus has created a full circuit that allows visitors to move unimpeded through the western section of the exhibition grounds. This makes this section of the exhibition grounds more attractive for large-scale events and allows different events to be held in parallel in the eastern and western part of the grounds, thus augmenting the overall capacity utilisation. The increase in hall space resulting from the commissioning of Hall 12 will pave the way for the space-reducing measures planned over the next few years, namely the technical upgrading of Hall 6 and the demolition and new building of Hall 5.

The technical upgrading of Hall 6 got underway in the 2018 reporting period, as did preparations for the demolition and new building of Hall 5. The demolition has already been approved by the building authorities and the building application for the new building has been submitted. Parallel to the demolition and new construction of Hall 5, the Congress Center adjacent to the exhibition centre is to be modernised in order to adapt the 25-year-old building to the modern requirements of the congress business.

Medium-term plans furthermore encompass a new South Entrance on Europaallee as well as an office building and a hotel. Messe Frankfurt is currently negotiating this with a project developer.

Service management

For Messe Frankfurt, the further development of digital applications is a key factor in adapting the product portfolio to future challenges. This is why MESAGO Messe Frankfurt GmbH, Messe Frankfurt's Stuttgart-based subsidiary, is now integrating all the main online applications for its exhibitors and visitors that are already being used for trade fairs in Frankfurt. Insights from this integration project, which was completed in autumn 2018, will be incorporated into the further development of IT services and processes for the group. That the interactive map of the exhibition grounds was completely redesigned and was launched at Automechanika for the first time ties in well with this.

This provides orientation at the exhibition grounds for trade fair participants, as well as useful additional information about the exhibitors with a single click. It is, of course, displayed in the trade fair apps and is linked to the list of favourite exhibitors that visitors can create online in preparation for their visit.

Organisational development

The reporting period saw the continuation of the organisational and functional analyses. The objective is to successively analyse and optimise operating processes in all areas of Messe Frankfurt by reviewing the tasks, responsibilities and required capacities. The transparency thus achieved can be leveraged to make organisational adjustments and decisions relating to capacity expansion.

The documentation and modelling of business processes was systematically continued and serves as an optimisation tool within and across divisions. In addition, based on the corporate vision, strategic corporate goals were developed and goals for the divisions inferred from these.

Personnel

On 31 December 2018, the Messe Frankfurt GmbH corporate group employed 2,519 active members of staff worldwide, 79 more than at the end of 2017. In Germany, the headcount rose by 57 and outside Germany by 22.

The increase in the number of employees in Germany is primarily due to the expansion of business, conceptual and operational sales and marketing activities and necessary hall reallocation in the wake of new hall construction.

The implementation of new concepts among other things

resulted in increased exhibitor and visitor numbers and sales growth at most events. Customer satisfaction and loyalty were increased as a result of continuous improvement of the relevance of the events for the respective target groups. Successful acquisitions and the launch of new events abroad require additional staff capacities. However, the labour market situation coupled with demographic trends – especially in Asia – are making it increasingly difficult to attract new employees, which is why the company is continuing to focus on enhancing efficiency.

Change in employee numbers¹

	2016	2017	2018
Messe Frankfurt GmbH, Frankfurt, Germany	300	308	310
Messe Frankfurt Exhibition GmbH, Frankfurt, Germany	308	324	337
Messe Frankfurt Venue GmbH, Frankfurt, Germany	233	234	241
Messe Frankfurt Medien und Service GmbH, Frankfurt, Germany	82	86	85
MESAGO Messe Frankfurt GmbH, Stuttgart, Germany ²	129	142	148
Accente Gastronomie Service GmbH, Frankfurt, Germany	269	284	314
Total Germany	1,321	1,378	1,435
Messe Frankfurt France S. A. S., Paris, France	21	23	25
Messe Frankfurt Italia Srl., Milan, Italy	39	42	47
Messe Frankfurt Istanbul L. S., Istanbul, Turkey	18	18	19
O.O.O. Messe Frankfurt RUS, Moscow, Russia ³	46	58	61
Messe Frankfurt Middle East GmbH, Frankfurt/Dubai, UAE	138	145	140
Messe Frankfurt Asia Holding Ltd., Hong Kong, China	4	4	4
Messe Frankfurt (H. K.) Ltd., Hong Kong, China ²	484	507	493
Messe Frankfurt Japan Ltd., Tokyo, Japan	33	34	35
Messe Frankfurt Korea Ltd., Seoul, South Korea	11	11	11
Messe Frankfurt Trade Fairs India Pvt. Ltd., Mumbai, India	94	114	124
Messe Frankfurt Inc., Atlanta, USA	40	40	39
Messe Frankfurt México S. de R. L. de. C. V., Mexico City, Mexico	8	6	6
Indexport Messe Frankfurt S.A., Buenos Aires, Argentina	37	40	43
Messe Frankfurt South Africa (Pty) Ltd., Johannesburg, South Africa	13	20	27
Messe Frankfurt UK Ltd., Godalming, UK	–	–	10
Total outside Germany	986	1,062	1,084
	2,307	2,440	2,519
Increase in number of employees		133	79

¹ Incl. trainees and management (as at 31 December respectively)

² Sub-group

³ Incl. O.O.O. ITEMF Expo, Moscow, proportionately

Learning & Development

The demographic trend together with rapidly changing digital possibilities of IT-supported customer interfaces and operational core processes are giving rise to a constantly growing training and knowledge requirement among our employees. We are therefore permanently broadening our analogue and digital learning worlds. In the reporting period, we increased the number and quality of our in-house training programmes, as well as the range of topics covered. To an increasing extent we draw on in-house trainers, who have been given the opportunity to hone their technical and didactic skills. As part of the roll-out of a competence-based training management system, skills requirements were identified – in a first step for the operating units – and a process initiated designed to anticipate necessary changes in a targeted manner.

By implementing a strategic concept for training marketing, the Training team was able to halt the decline in the number of applicants and secure the recruitment of young high potentials. Once again, Messe Frankfurt was proud to acknowledge awards received by its trainees, proof of the extraordinary quality of the company's training management.

In 2018, the monitoring of organisational changes continued to make a major contribution to ensuring the success of such measures. Dedicated team development and conceptual workshops, facilitated by members of the Organisational Development team, enhance the efficiency and effectiveness of the respective business units.

Thanks to our employees

Overall, the employees of the Messe Frankfurt Group succeeded admirably in keeping up with the increasing demands of growing business activity. Once again in 2018, they demonstrated exemplary flexibility and commitment, coupled with a high level of competence. The Executive Board would therefore like to thank all employees for their efforts and the positive results achieved.

III. Description of the position of the company

Results of operations

The positive business trend is also mirrored in the development of group sales. At € 718.1 million, sales reached their highest level yet in 2018, exceeding the previous year (€ 669.1 million) by € 49.0 million, or 7.3 percent.

On the domestic front, sales were up by € 28.6 million, or 7.2 percent, to € 423.8 million (previous year € 395.2 million), accounting for 59.0 percent of group sales (previous year 59.1 percent). Messe Frankfurt Exhibition GmbH generated sales of € 215.8 million, up on the previous year by € 20.8 million due to the rhythm of events. At € 26.2 million, Messe Frankfurt Medien und Service GmbH was also € 6.0 million up on the previous year. This development can be explained by the rotation of the flagship events with a multi-year rhythm held at the Frankfurt venue. Messe Frankfurt Exhibition GmbH hosted the biennial events Automechanika and Light + Building in 2018, whose performance figures are higher than those of the two-yearly events ISH, Techtextil and Texprocess held in 2017. Accente Gastronomie Service GmbH, another domestic company, generated € 33.2 million, a plus of € 1.6 million, due to the rotation of events. At Accente Gastronomie

Service GmbH, the core business, gastronomy, and catering in particular, is the main contributor to sales.

This rotation-related development was also not significantly affected by the slight decline in sales revenues after consolidation of the other domestic company, Messe Frankfurt Venue GmbH. At € 108.8 million, Messe Frankfurt Venue GmbH contributed € 3.1 million less to group sales compared with the previous year. In 2018, Messe Frankfurt Venue GmbH held the ACHEMA guest event (three-year rhythm), as opposed to 2017, which hosted the IAA Cars biennial event.

Thus at the Frankfurt am Main venue, consolidated sales of € 384.0 million were generated, which corresponds to around 53.5 percent of group sales (2017: € 358.7 million; 2016: € 367.1 million).

With sales of € 39.8 million, MESAGO Messe Frankfurt GmbH in Stuttgart achieved a figure that was € 3.3 million up on the previous year. This sales increase is accounted for by the continued positive development of SPS, International Exhibition & Conference for Electric Automation, and especially by the Formnext event.

The foreign subsidiaries increased their consolidated sales by € 20.5 million, or 7.5 percent, to € 294.3 million. Their share of group sales is 41.0 percent (previous year 40.9 percent). This was due in particular to the stronger sales of the sub-group in Asia (€ +23.7 million) and of the subsidiaries in France (€ +2.0 million) and the USA (€ +0.7 million), as well as the sales of the company in the UK (€ +2.8 million), which was included in the consolidation for the first time.

Measured against 2016, which has a more readily comparable national event structure, the picture is similar: sales revenue group-wide was up by € 71.4 million, or 11.0 percent. Domestic sales were € 25.4 million, or 6.4 percent, and sales outside Germany were € 46.0 million, or 18.5 percent, higher.

In terms of the group sales forecast for the financial year, Messe Frankfurt succeeded in exceeding the target of around € 682.1 million by € 36.0 million. This increase resulted exclusively from operating business and is explained by a number of developments. First, in particular the awarding of unplanned implementation contracts, such as the G20 summit to the subsidiary in Argentina, led to additional sales. This is reflected as a one-time extraordinary item in the 2018 reporting period. The Asian sub-group also achieved significantly higher sales than projected. In addition, improved congress and event business contributed to an increase in sales.

Group sales development (consolidated)

	in €m					Change in % compared to ⁴
	2016	2017	2018	2017	2016	
Germany						
Messe Frankfurt Exhibition GmbH, Frankfurt	234.1	195.0	215.8	10.7	-7.8	
Messe Frankfurt Venue GmbH, Frankfurt	81.4	111.9	108.8	-2.8	33.7	
MESAGO Messe Frankfurt GmbH, Stuttgart ¹	31.3	36.5	39.8	9.0	27.2	
Messe Frankfurt Medien und Service GmbH, Frankfurt	22.8	20.2	26.2	29.7	14.9	
Accente Gastronomie Service GmbH, Frankfurt	28.8	31.6	33.2	5.1	15.3	
Total Germany	398.4	395.2	423.8	7.2	6.4	
Other countries						
Messe Frankfurt France S. A. S., Paris	22.6	25.9	27.9	7.7	23.5	
Messe Frankfurt Italia Srl., Milan	6.8	8.5	8.3	-2.4	22.1	
Messe Frankfurt Istanbul L. S., Istanbul	2.8	2.5	2.2	-12.0	-21.4	
O. O. O. Messe Frankfurt RUS, Moscow ²	6.9	11.3	8.9	-21.2	29.0	
Messe Frankfurt UK Ltd., Godalming	0.0	0.0	2.8	++	++	
Messe Frankfurt Middle East GmbH, Frankfurt/Dubai	36.4	38.4	38.3	-0.3	5.2	
Messe Frankfurt Asia Holding Ltd., Hong Kong ¹	154.9	153.5	177.3	15.5	14.5	
Messe Frankfurt Inc., Atlanta ³	10.2	8.9	9.5	6.7	-6.9	
Messe Frankfurt México S. de R. L. de C. V., Mexico City	0.2	0.2	0.1	-50.0	-50.0	
Indexport Messe Frankfurt S.A., Buenos Aires	5.9	21.9	16.4	-25.1	++	
Messe Frankfurt South Africa (Pty) Ltd., Johannesburg, South Africa	1.6	2.8	2.6	-7.1	62.5	
Total other countries	248.3	273.9	294.3	7.4	18.5	
Group sales						
	646.7	669.1	718.1	7.3	11.0	

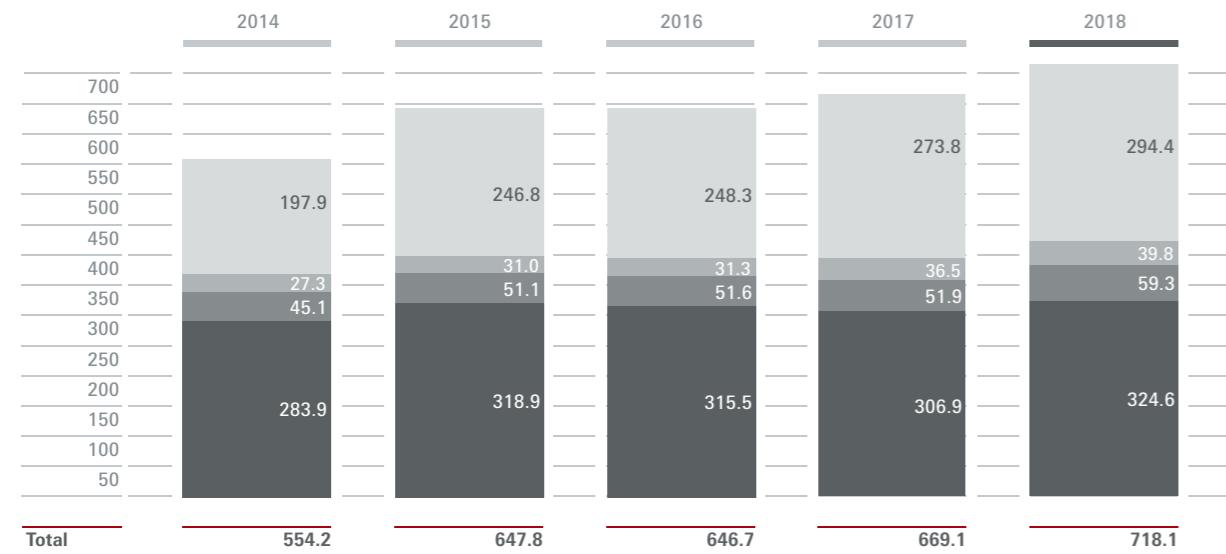
¹ Sub-group

² Incl. ITEMF Expo A.O., Moscow, proportionately

³ Incl. PAACE Automechanika Mexico LLC, Atlanta, proportionately

⁴ Deviations of more than 100% are shown with ++ or --

Group sales development in € million



■ Foreign event subsidiaries
 ■ German event subsidiaries
 ■ German service subsidiaries
 ■ Messe Frankfurt (Holding/Exhibition/Venue)

The group succeeded in exceeding the previous year's profit figure. At € 77.9 million prior to taxes on income, earnings were up by € 18.0 million, or 30.0 percent, on the previous

year (€ 59.9 million). Compared to 2016, which is more readily comparable, earnings were € 4.3 million, or 5.8 percent, higher.

Profit development

	in €'000			Change in % compared to	
	2016	2017	2018	2017	2016
Earnings before taxes on income	73,552	59,902	77,851	30.0	5.8
Taxes on income	19,465	15,114	20,880	38.2	7.3
Other taxes	4,283	4,278	6,643	55.3	55.1
Consolidated net income for the financial year	49,804	40,510	50,328	24.2	1.1

Apart from current income from the annual reversal of the equity-similar special reserve for subsidies or grants for the acquisition of fixed assets (€ 2.1 million), other operating income (€ 20.2 million; previous year € 17.4 million) principally includes income arising from exchange rate fluctuations (€ 8.3 million; previous year € 7.7 million), the reversal of provisions (€ 5.4 million; previous year € 3.0 million) and income from impaired receivables (€ 1.2 million).

Operating income is offset by operating expenses totalling € 657.6 million (previous year € 624.7 million). This is € 32.9 million, or 5.3 percent, higher than in the prior period. Event-related expenses are the biggest expense item with € 342.4 million, after € 342.1 million in 2017. This corresponds to a cost/income ratio of 47.7 percent, after 51.1 percent in the prior period. Event-related services are in general variable costs and include all expenses directly related to events. Besides the costs for visitor advertising, press relations, sales commissions and marketing, they also include all costs for services (e.g. hostess services), as well as hall rentals and maintenance of the Frankfurt am Main exhibition grounds. The below-average development compared with the change in sales revenue is due in particular to unplanned additional orders at the subsidiary in Argentina in 2017 and the expansion of the Mobility & Logistics business segment in the previous year, as well as expenses for new marketing concepts to stabilise the current events of Messe Frankfurt Exhibition GmbH.

Personnel expenses totalled € 170.0 million in 2018. The € 11.2 million, or 7.0 percent, increase in personnel expenses

was due to the rise in the average number of employees (+79), as well as to salary adjustments and the impacts of collectively agreed salary increases at the Frankfurt venue. Due to the expansion of business, the personnel costs ratio remained at the previous year's level of 23.7 percent.

Depreciation, amortisation and write-downs also showed an increase of € 6.9 million to € 57.5 million, which is explained in particular by the new Hall12, which went into operation in the reporting year.

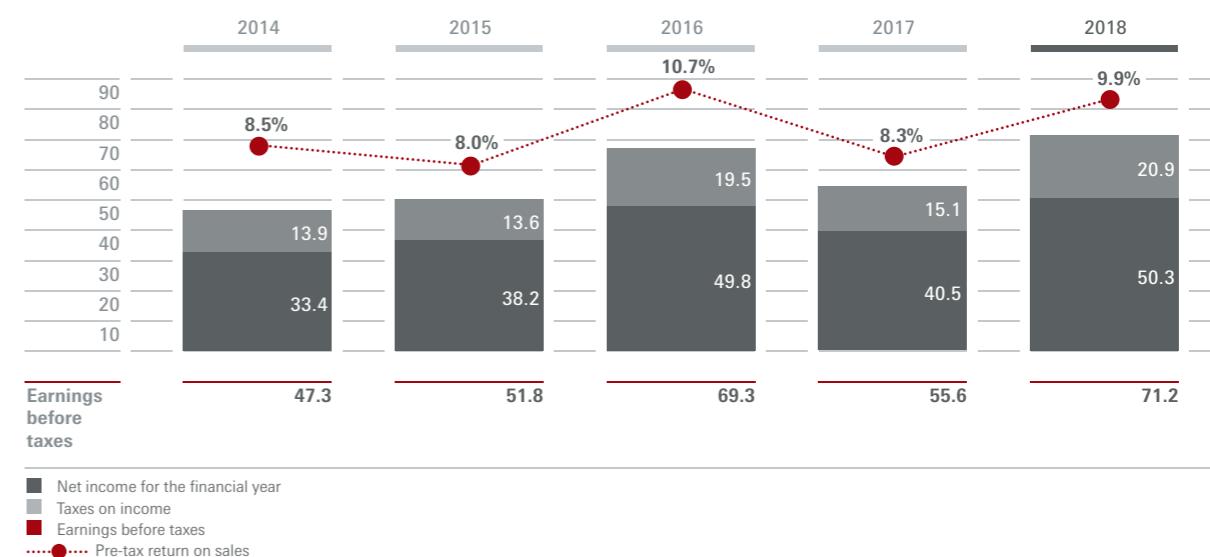
Other operating expenses were recognised in the amount of € 87.7 million, an increase of € 14.5 million year-on-year. This account includes all expenses that are not directly related to the events, such as office costs, interim agency staff, expenses related to exchange rate differences, as well as consulting and corporate marketing. In addition to higher expenses related to exchange rate differences and legal, consulting, auditing and office costs, the increase is attributable in particular to the recognition of penalty and default surcharges arising from the recognition of a tax risk at the subsidiary in Dubai.

At € -2.8 million, the financial result / net interest income was below the previous year's level (€ -2.0 million). Although interest income increased by € 0.9 million to € 2.2 million, similarly higher interest expenses of € 4.9 million (previous year € 3.3 million) due to borrowing expenses to finance the new Hall12 had a negative impact on the financial result / net interest income.

Net of other taxes (€ 6.6 million), consolidated earnings before taxes on income for the year amounted to € 71.2 million, which is € 15.6 million higher than the previous year and € 1.9 million higher than in 2016, which is more readily

comparable. This led to a pre-tax return on sales of 9.9 percent, which is 1.6 percentage points above the previous year and slightly below the pre-tax return for 2016 (10.7 percent).

Consolidated earnings before taxes on income (in € million) and pre-tax return on sales (in %)



Net of taxes on income (€ 20.9 million), consolidated net income for the year amounts to € 50.3 million, which is € 9.8 million higher than the previous year (€ 40.5 million) and € 0.5 million higher than in 2016 (€ 49.8 million).

The resulting return on sales after taxes amounted to 7.0 percent after 6.1 percent in the previous year. In relation to equity at the beginning of the financial year (€ 526.7 million), the return is 9.6 percent (previous year 8.0 percent).

At € 50.3 million, consolidated net income for the year was € 1.9 million lower than targeted.

The main reasons for this were the planned but unrealised partial sale of a plot of land and the recognition of unplanned tax risks in the income statement at the Dubai subsidiary. A further negative impact on earnings arose from the financial result.

The persistently low level of interest rates led to the need to recognise higher interest cost of maintenance and building modernisation provisions than budgeted. However, the missing contribution to earnings and the overall unplanned expenses were largely compensated by the unplanned development of event-related expenses, which (due to the event mix) did not increase in line with sales revenue. Event-related expenses remained at the previous year's level despite revenue increases.

The development in the operating performance is reflected in the EBITDA (Earnings before Interest, Taxes, Depreciation and Amortisation) earnings indicator. This amounted to € 131.5 million in the reporting period, after € 108.2 million in the previous year. As a percentage of sales, this results in an EBITDA margin for the financial year of 18.3 percent (previous year 16.2 percent).

EBITDA development

	in €'000		Change in €'000 compared to		
	2016	2017	2018	2017	2016
Consolidated net income for the financial year	49,804	40,510	50,328	9,818	524
Taxes on income	19,465	15,114	20,880	5,766	1,415
plus financial result	2,978	2,000	2,793	793	-185
Depreciation, amortisation and write-downs	52,215	50,618	57,543	6,925	5,328
Group EBITDA	124,462	108,242	131,544	23,302	7,082
EBITDA margin	19.2%	16.2%	18.3%		

The following presents the results before consolidation of the companies and sub-groups included in the consolidated financial statements.

Messe Frankfurt GmbH, as parent, disclosed net income for the financial year of €50.4 million, after €28.4 million in the previous year. Despite increased operating expenses, this development is mainly attributable to a higher financial result. The increase in the financial result from €34.9 million to €62.8 million is due in particular to higher income from investments, based on the profit and loss transfer agreements with the subsidiaries Messe Frankfurt Exhibition GmbH and Messe Frankfurt Venue GmbH. At €34.5 million (previous year €15.3 million), Messe Frankfurt Exhibition GmbH transferred €19.2 million more in profits in the 2018 financial year and Messe Frankfurt Venue GmbH, with €27.3 million (previous year €18.5 million including income tax allocation), transferred €8.8 million more to the parent.

Messe Frankfurt Exhibition GmbH reported earnings before profit transfer of €34.5 million (previous year €15.3 million). The year-on-year increase is mainly explained by the fact that the sales-generating two-yearly events Automechanika and Light + Building both took place in 2018. The multi-year events ISH, Techtextil and Texprocess (all with a two-year rhythm) held instead in 2017 have a lower sales total. This led to sales before consolidation of €266.6 million, which is €31.9 million (+13.6 percent) higher than the previous year's figure.

Due in particular to the disproportionately low increase in event-related expenses in relation to sales revenue (€+15.3 million; +8.4 percent), the rise in personnel

expenses (€+3.4 million) and higher other operating expenses (€+0.8 million), in conjunction with higher depreciation and amortisation (€+1.0 million), resulted in a negative operating result of €-0.5 million, which was, however, an improvement on the previous year (€-11.7 million). The financial result also improved by €8.0 million to €35.0 million (previous year €27.1 million), mainly due to higher investment income from the subsidiaries in Asia, Stuttgart, Argentina and Russia.

The rotation of events held at the Frankfurt exhibition grounds is also reflected in the sales development of Messe Frankfurt Venue GmbH. With a total of €217.0 million (before consolidation), the highest sales level in the company's history was achieved after the record sales of the years 2015 (€210.8 million) and 2017 (€205.5 million).

Compared with the previous year, sales before consolidation increased by €11.5 million. This is principally attributable to improved sales with the affiliated company, Messe Frankfurt Exhibition GmbH, which were significantly higher than in the previous year due to the rotation of events. ACHEMA, which has a three-yearly rhythm, was also held in 2018 and thus contributed to sales revenue. New guest events such as GPEC and Intergeo had an additional positive impact on the sales development. Despite higher sales revenue, event-related expenses declined by €2.9 million to €95.6 million. This resulted in a significantly improved cost ratio of 44.1 percent, after 48.0 percent in 2017. This decrease is largely attributable to the different cost structures of the event mix. In addition to the rotation of events, lower provisions for maintenance and building modernisation also had a cost-reducing effect. This was offset by

higher personnel expenses, higher depreciation and amortisation, and higher other operating expenses. Personnel expenses rose by €1.5 million, or 7.2 percent, to €22.4 million in particular as a result of collectively agreed wage and salary increases (3.19 percent). The increase in depreciation, amortisation and write-downs to €34.1 million (previous year €33.1 million) is mainly attributable to the new Hall12, which opened its doors in 2018. Other operating expenses, which primarily include administrative charges of Messe Frankfurt GmbH, incidental office space costs, as well as rental and lease expenses, amounted to €44.8 million, an increase of €5.0 million year-on-year. This was above all due to increased administrative charges and higher incidental office space costs. At €5.1 million, the financial result was €0.6 million higher than in the previous year. This is mainly due to higher investment income of Messe Frankfurt Medien und Service GmbH, which compensated for lower investment income of Accente Gastronomie Service GmbH. In addition, interest expenses increased to €5.0 million (previous year €4.0 million). The main reason for this was higher interest cost of provisions for maintenance and building modernisation.

Net of other taxes paid in the amount of €3.1 million (previous year €3.1 million), Messe Frankfurt Venue GmbH posted higher overall earnings before profit transfer year-on-year of €27.2 million (previous year earnings before profit transfer, including income tax allocation, €18.5 million).

The operating results of the **German and foreign subsidiaries** of Messe Frankfurt Exhibition GmbH showed a differentiated development. Overall, the foreign subsidiaries produced a bottom-line net retained profit before consolidation of €28.0 million in the reporting period, after €33.1 million in the previous year. The Asian sub-group contributed a major share of this, with €23.2 million in 2018, after €19.8 million in 2017. Other notable contributors to group profit were the subsidiary in France with €3.0 million, the Russian companies with €1.7 million and the subsidiaries in Italy and Turkey each with €1.4 million, as well as the subsidiary in Argentina with €1.2 million.

With earnings before taxes and profit transfer of €11.9 million (previous year €5.5 million), the domestic subsidiary MESAGO Messe Frankfurt GmbH in Stuttgart was also an important contributor to group profit.

In contrast to this, Messe Frankfurt Middle East GmbH with its branch office in Dubai reported a net loss for

the financial year 2018 of €-4.4 million (previous year net income of €4.6 million) due to the recognition of extraordinary tax items.

Net assets and financial position

The fixed assets of the Messe Frankfurt Group are composed primarily of land and buildings, as well as trade fair rights and goodwill. In the year under review, capital expenditures of around €101.5 million were undertaken (previous year €125.4 million). Of this amount, €12.0 million was apportioned to intangible assets, in particular in the form of software licenses and trade fair rights, as well as for the disclosure of hidden reserves in connection with the initial consolidation of the new company in the UK. A further €89.5 million was invested in tangible assets, mainly in connection with the costs for the new Hall12 and the extension of the Via Mobile. Capital expenditure in the amount of €10.0 million was recognised for equipment and office supplies. The remaining additions to fixed assets relate to smaller infrastructure measures. The investment volume of around €95 million forecast in the previous year was exceeded by €6.5 million, in particular due to postponements of capital expenditure on new buildings. Net of depreciation, amortisation and write-downs amounting to €57.5 million and disposals of fixed assets, fixed assets totalling €751.5 million (previous year €708.6 million) were shown in the balance sheet at year's end 2018, which corresponds to a share of around 67 percent of total assets (€1,116.6 million).

Current assets increased by €57.4 million to €358.1 million. In particular, securities increased by €64.0 million and cash-in-hand and bank balances by €16.7 million, while trade receivables decreased by €18.0 million and other assets by €5.2 million.

On the equity and liabilities side, €558.0 million is shown in the balance sheet under equity on the basis of the earned net income for the 2018 financial year (€50.3 million), profit distributions made (€17.5 million, of which €13.0 million to the shareholders of Messe Frankfurt GmbH) and changes in minority interests (€-1.1 million), which is €31.3 million higher than the previous year's figure (€526.7 million). This corresponds to an equity ratio of around 50 percent (previous year around 52 percent) and leads to a tier 1 equity / fixed assets ratio of around 74 percent (previous year around 74 percent).

Provisions increased by €17.9 million year-on-year to €127.2 million. Apart from the separately disclosed provisions for pensions and taxes (€+0.2 million and €+5.7 million respectively over the previous year), as well as provisions for deferred maintenance and building modernisation commitments (€+2.8 million year-on-year), for outstanding invoices (€−2.7 million year-on-year), for claims from employees (€+4.6 million year-on-year) and anticipated losses from events in the subsequent year (€+0.3 million year-on-year), the carrying amount of and changes in provisions were impacted on in particular by the inclusion of penalty and default surcharges arising from the recognition of a tax risk at the subsidiary in Dubai.

Other provisions totalled €89.7 million (€+12.0 million year-on-year).

Group liabilities amounted to €393.4 million (previous year €333.6 million). This corresponds to around 35 percent of the balance sheet total and leads to a debt/equity gearing

Net change in cash funds (in € million)

	2016	2017	2018
Cash funds at beginning of period	164.7	138.7	169.0
Cash flows from operating activities	121.1	64.5	170.8
Cash flows from investing activities	−68.5	−106.2	−173.6
Cash flows from financing activities	−78.6	72.0	14.2
Net change in cash funds	−26.0	30.3	11.4
Effect on cash funds of changes in the reporting entity structure	0.0	0.0	2.1
Cash funds at end of period	138.7	169.0	182.5

Messe Frankfurt has loan agreements (loans from the KfW bank) totalling €130 million to finance the new Hall12, which were drawn down in full as at 31 December 2018. In addition, there are approved but as yet unused credit lines in the amount of approximately €26 million.

ratio of around 71 percent compared to around 63 percent in the previous year. The bank loan with a fixed interest rate and a term of ten years taken out in 2017 to finance the new Hall12 was increased by a further €40.0 million to €130.0 million in total, with a scheduled repayment in the subsequent year of €14.4 million. Furthermore, trade payables increased by €1.0 million and other liabilities decreased by €4.4 million. On the other hand, payments on account received from exhibitors for trade fairs in the first quarter of 2019 increased by €32.1 million compared to the prior period.

Financing

The cash outflow from investing activities (€173.6 million) was fully financed from the positive cash flow from operating activities (€170.8 million) and from the cash inflow from financing activities (€14.2 million). These cash flows resulted in cash funds at the end of the period of €182.5 million, an increase of €13.5 million.

IV. Report on expected developments, opportunities and risks

The German economy has left the boom behind and is beginning to cool down. In addition to problems in the automotive industry, the foreign sales markets, which are exposed to considerable economic risks, will also lose momentum.⁶ Industrial companies have not expanded their production since the beginning of 2018. While this weakness can be partially explained by supply-side difficulties, an analysis of economic indicators shows that demand for German products also weakened in the course of 2018, with levels of new orders in the manufacturing industry, for example, down both from Germany and abroad. Falling expectations and a regressive export climate also point to a marked economic slowdown in the German export markets.

Industry is not expected to provide an above-average stimulus for the German economy in 2019, as foreign sales markets are slowly losing momentum. The German economy is thus likely to enter a cooling-off phase. However, a recession is not on the horizon, as domestic economic forces appear to remain intact. The expansion is being driven by the persistently good business climate in the construction industry and consumer spending by private households, which are benefiting from the very good labour market situation, expanding real incomes and favourable financing conditions. Overall, the increase in real gross domestic product in 2019 is forecast to fall to 1.1 percent.⁷

The global economy is growing at a slower pace. What is more, global economic expansion is no longer as synchronous across key regions of the world as it was a year ago. According to the World Business Outlook Indicator of the German Chambers of Commerce Abroad, the global economic expectations of German companies have declined significantly. Economic expectations have diminished, in some instances considerably, in all parts of the world – with the exception of North America. Here, the temporary boom triggered by the tax reform in the USA is still making itself felt. However, in the meantime more than half of all companies worldwide consider the general economic conditions as posing the greatest risk for foreign business. A good quarter are concerned about disadvantages due to trade barriers. Companies around the world are

increasingly confronted with trading restrictions, political crises and isolationist tendencies. In Europe, the threat of a no-deal Brexit scenario brings major economic uncertainty. The budget plans of the Italian government are causing additional tension among the European community of nations. At the same time, currency crises around the world are leading to growing exchange rate uncertainty.⁸

Despite the weakening positive economic trend, the general mood in the German trade fair industry is stable at a high level, as shown by the AUMA survey of trade fair organisers conducted within the framework of the association survey of the Cologne Institute for Economic Research. Only a few organisers see slight deviations upwards or downwards. Digitalisation in many industrial and service sectors has not yet reduced interest in personal confidence-building business contacts. On this basis, a slight improvement in sales is also expected on average, based on a broad spectrum of developments.⁹ For the 174 international and national trade fairs in 2019, AUMA is again anticipating slight increases on the exhibitor side and stable visitor numbers.¹⁰ The study for the AUMA trade fair trend also confirms the acceptance of trade fairs as part of companies' B2B marketing. Over a quarter (29 percent) of German exhibiting companies intend to invest more money in trade fair participation in Germany and abroad in 2019 and 2020. 56 percent are planning equally high outlays and only 15 percent expect to spend less. Companies anticipating higher spending are investing primarily in the quality of their presentations, especially in the size of their stands, according to 43 percent of respondents. Those who intend to spend less are cancelling individual trade fair participations (63 percent). The number of trade fair participations by German companies will remain largely stable, albeit with a slight decline at home, while the number of participations abroad is set to remain unchanged.¹¹

Internationally, the situation in the trade fair industry is more positively assessed, as the survey carried out as part of the UFI Exhibition Barometer in December 2018 showed. Around two thirds of trade fair organisers worldwide expect sales to grow in 2019. A particularly positive development is projected in a number of countries, including China, Germany, India, Mexico and the Middle East. In other

⁶ ifo Institute: ifo economic forecast for winter 2018, Summary dated 13 December 2018

⁷ ifo Institute: ifo economic report 4/2018, prepared for Messe Frankfurt GmbH

⁸ Deutscher Industrie- und Handelskammertag e.V. (Association of German Chambers of Industry and Commerce) (Ed.): AHK (German Chambers of Commerce Abroad) World Business Outlook, November 2018

⁹ Institut der deutschen Wirtschaft Köln (Cologne Institute for Economic Research): further information to press release dated 27 December 2018

¹⁰ www.auma.de: press release dated 8 January 2019, "German trade fairs remain on course: Further increase in exhibitor numbers"

¹¹ www.auma.de: press release dated 28 February 2019, "German exhibitors want to spend more on trade fairs"

countries, such as South Africa or Japan, there is some uncertainty.

The greatest challenges are seen in the state of the economy in the home market and global economic developments, as well as in competition from within the trade fair industry itself. Internal company challenges, especially in the area of human resources, are also cited as an important issue. To a lesser extent, but nevertheless worth noting, there is also a focus on the impact of digitalisation, competition with other media and sustainability issues.

With regard to their strategic orientation, the majority of companies intend to develop new activities, both in the classic field of the trade fair industry and also in live or virtual events. Four out of ten companies are also planning to open up new geographical markets. European and American organisers are particularly active here.¹²

Market, industry and event risks and opportunities

Opportunities

Against the backdrop of these economic and industry expectations, the Messe Frankfurt Group in principle sees further opportunities for growth nationally as well as internationally, particularly in the following fields of action:

- Increased capacity utilisation at the Frankfurt venue
- Further internationalisation of the trade fair brands through rollouts in defined markets
- Increased market share for services both in terms of classic services (stand construction, catering, advertising) and increasingly in the field of digital services

The company sees opportunities to increase the attractiveness of the exhibition grounds especially as a result of the construction of the new Hall12. The new Hall12 and completion of the circular Via Mobile conveyor system have generally upgraded the western section of the grounds, enabling separate events to be held in the eastern and western parts of the exhibition grounds in parallel. This has above all improved the quality of the available space and offers better opportunities for marketing the site. In addition, the guest events segment has been expanded to include its own sales department. The company hopes this will lead to increased acquisition of guest events.

With the planned acquisition of the shares in the minority interest, Messe Frankfurt sees further opportunities for diversification in the digital business segment.

Market, industry and event risks

However, Messe Frankfurt's business activities are also reliant on the general economic situation and developments in the respective sectors in which events are either already established or new events are planned. Messe Frankfurt attempts to secure the loyalty of event organisers, exhibitors and visitors to the company through long-term customer retention strategies. Ongoing globalisation and the growing importance of foreign operations are also demanding optimised, globally coordinated customer approach and customer care systems. In addition, administrative functions such as finance and IT are also geared to the future.

Apart from the general risk resulting from cyclical fluctuations, Messe Frankfurt seeks to identify resulting opportunities, aimed at further growth and strengthening profitability, for example through acquisitions or cooperation agreements. These projects and their associated risks were managed by introducing corresponding organisational and personnel measures to ensure a successful implementation of the new events and business segments in Germany and abroad.

With a view to further internationalising its event business, Messe Frankfurt is pursuing two directions: on the one hand, enhancing the internationality of its flagship fairs in Frankfurt, and on the other – in addition to continuously developing established products – forging ahead with trade fair business abroad. In fiscal 2019, six new events are planned outside Germany, three of which will make their debut in the Middle East, two in Asia and one in the USA.

The economic problems being experienced in major event sectors, combined with structural difficulties such as ongoing concentrations in the retail sector, continue to represent a serious challenge across the globe for brands such as Tendence and Musikmesse. Many companies in these sectors have either disappeared from the market altogether or are reducing or cancelling their trade fair participations.

It is intended to compensate these developments through new concepts, consolidation and intensified acquisition measures. Due to its location in Frankfurt am Main, Messe Frankfurt Venue GmbH was able to maintain its position as permanent partner of the CPhI worldwide guest event. CPhI worldwide, which as part of its 'travel cycle' through Europe would normally not stop in Frankfurt again until three years' time, will open its doors again in Frankfurt in 2019. By contrast, both the financial and non-financial performance indicators for the IAA Cars guest event due to take place in 2019 are expected to decline. As a result of the increasing discussions about diesel driving bans, autonomous driving and e-mobility, even established manufacturers in the automotive sector are now also coming under pressure. This is also reflected in the IAA Cars guest event.

Changes in individual sectors or relocation of events offer opportunities for own new developments or further development of existing concepts.

Risks outside Germany

Although Messe Frankfurt does not host any trade fairs in acutely insecure regions, there is nevertheless a risk of political conflicts or terrorist activities in some regions. Uncertainty over possible political developments in the Middle East could pose difficulties for the subsidiaries in Dubai, Saudi Arabia and Turkey in attracting exhibitors and visitors to their events, as well as new trade fair projects. The situation of the subsidiary in Russia is also still characterised by uncertain political and economic developments there.

Market consolidations and mergers are also taking place in boom regions such as China, which could lead to a decline in exhibitor numbers in the affected sectors.

The exhibition market in Europe is largely saturated. Furthermore, the economic situation in some regions outside Europe remains volatile, also impacting some subsidiaries (Russia, Argentina, Turkey, Middle East). This implies an inherent risk of losing events and, consequently, market shares in the countries concerned, further exacerbated by difficult-to-plan political decisions with an indirect impact on the exhibition sector in some countries.

The changed political situation in the USA could also negatively affect the activities of the subsidiaries in the USA and Mexico. In Argentina, the high inflation rate gives rise to risks.

Messe Frankfurt and its subsidiaries counter these general political risks with their quality standards and international sales network, making it possible despite these obstacles to organise high-quality trade fairs with a much more international flavour.

A further risk for the subsidiaries arises out of the fact that they do not have their own exhibition grounds and are therefore dependent on local exhibition infrastructures and exhibition site operators. On the other hand, this also allows the subsidiaries greater flexibility, making it easier for them to respond to regional shifts in the markets and economic sectors with a change of venue. They also do not face a capacity utilisation risk. Challenges lie in finding suitable timeslots and sufficient hall space in the desired quality at acceptable conditions. In addition, there are risks from increased security requirements for trade fair organisers and imponderables when switching to new venues.

Additional risks arise in the case of events organised or marketed together with a partner. Despite extensive checks at the outset of the cooperation, unforeseeable errors of judgement cannot be ruled out.

Some subsidiaries have a relatively small event portfolio that is often focused on just a few themes. This results in a greater dependency on individual events and sectors. This risk is countered by the further rollout of brand events, the development of new trade fair themes and provision of additional services.

Subsidiaries with complementary business areas such as website business or publishing contribute to further risk diversification in these segments.

Subsidiaries that depend strongly on the marketing of individual events generally have a higher risk than subsidiaries with a broad event portfolio or subsidiaries with a broad range of supplementary services.

Site/construction risks

The ongoing modernisation of the exhibition centre in Frankfurt am Main is a prerequisite for fulfilling growing customer needs. Risks may arise as a result of additionally required construction and maintenance measures that only come to light in the course of refurbishment work or unexpectedly become necessary at short notice as a result of security or safety regulations.

Due to their long-term nature, major projects such as the new construction of an exhibition hall entail risks due to unforeseeable developments relating to cost structures (for example higher-than-budgeted construction price increases).

The risk of catastrophes or crises jeopardising individual events or the exhibition centre is countered by corresponding insurance policies and security measures, such as coordinated group-wide contingency plans and communication measures, as well as the activities of the Operation & Security Center.

Administrative risks

In its financing activities, the company as a matter of principle pursues a conservative strategy with respect to interest rate risks. The aim is to avoid interest rate risks that have a negative impact on earnings as far as possible. However, advantage is taken of opportunities presented by the respective market situation to reduce or minimise interest expenses. Derivatives may only be used if they relate to an underlying transaction.

The company applies hedge accounting in order to reduce earnings fluctuations resulting from foreign currency risks as far as possible. The use of foreign-currency derivatives is tied to underlying transactions or binding budget assumptions. They are above all applied in the case of distribution payouts by foreign subsidiaries and for intercompany financial investments. Seven currency hedges were in place across the group at the balance sheet date.

The group as far as possible eliminates liquidity risks and the default risk on receivables by invoicing its services and demanding payment ahead of the events. Furthermore, the group entities also have adequate accounts receivable management and an effective arrears collection system in place. In addition, a collection service for all outstanding receivables from previous events or invoiced but not yet settled services operates during

ongoing trade fairs at the Frankfurt venue. Defaults on receivables therefore only occur in exceptional cases.

As a result of the group's increasing globalisation and the growing importance of international operations, establishing and optimising globally coordinated systems and structures presents an ongoing challenge. Ever higher demands in the areas of governance and data protection, especially in conjunction with increasing internationalisation, can make it more difficult to fulfil the statutory guidelines and regulations.

Other risks

Over and above those disclosed, no risks that pose a threat to the existence or future development of the company are currently anticipated.

Risk management system

The Messe Frankfurt Group has consolidated all opportunities and risks as well as measures taken within the company to control risk in a uniform and consistent risk management system. This system also encompasses the group subsidiaries. Early-warning signals have been defined to enable future development risks to be identified in a timely manner. These include, for example, developments in the individual economic sectors, activities by competitors, as well as exhibitor and visitor development.

The risk management manual defines in particular the risk principles, the risk management process and the documentation and monitoring of the risk management system. Risk management is conceived as a continuous process and is reviewed at regular intervals to ensure its adequacy and optimised as necessary.

Overall assessment of risks and opportunities

In view of the underlying economic conditions and the continued high importance of trade fairs and exhibitions in the marketing mix of exhibiting companies, the management of Messe Frankfurt GmbH believes the company is well positioned to leverage opportunities that arise and to adequately manage risk.

Expected developments

Messe Frankfurt GmbH is again anticipating a positive financial year 2019. This optimism is fuelled by the keen interest and stable demand experienced at the major springtime trade fairs in Germany and abroad in 2019 and the corresponding demand for space. The rhythm of events at the Frankfurt venue nevertheless means that the ongoing financial year counts among the weaker years due to the fact that neither the Automechanika nor the Light + Building multi-year events will take place in 2019. The corresponding shortfall in sales cannot be compensated by the ISH, Techtextil and Texprocess trade fairs, which are also held in a two-yearly rhythm. The rotation of events at the Frankfurt venue on the other hand also means that the ongoing financial year features the crowd-pullers IAA Cars and IFFA, the latter held every three years, which have a counteracting effect. In particular against the background of the current transformation in the automotive industry, slight reductions in exhibitor and visitor numbers and in the amount of net leased floor space are anticipated for the Frankfurt venue as a whole. At IAA Cars, it remains to be seen how the current discussions described in the section on market, industry and event risks are reflected in exhibitor, visitor and square metre figures compared to the previous events. Adjusted for currency effects, business outside Germany is expected to develop positively, with marginal increases in non-financial performance indicators.

Group-wide capital expenditure of around € 77 million is planned for 2019. Of this amount, around € 58 million is attributable to Messe Frankfurt Venue GmbH, and mainly relates to the modernisation of Hall 6, initial measures relating to the demolition and rebuilding of Hall 5 and smaller individual measures to improve halls and service facilities. Financing of these measures is to be secured by intragroup loans as well as the cash pool of Messe Frankfurt GmbH.

For 2019, the Messe Frankfurt Group forecasts sales of around € 725 million, EBITDA in the region of € 126 million and consolidated net income for the financial year of around € 44 million in particular due to rotation-related increases in event-related expenses.

Corporate governance statement

In accordance with the German Act on Equal Participation of Women and Men in Leadership Positions in the Private and Public Sectors (Participation Act), the shareholders,

the Supervisory Board and the Executive Board are required to set a target figure for the proportion of women serving on the Supervisory Board, the Executive Board and in the two management levels below the Executive Board, as well as a deadline for achieving these targets.

The target figure for the proportion of women on the Supervisory Board and Executive Board of Messe Frankfurt GmbH was set by its shareholders at 14 percent (Supervisory Board) and 0 percent (Executive Board), respectively, with the approval of the Supervisory Board. These targets apply up to 30 June 2022.

The Executive Board of Messe Frankfurt GmbH set a target figure for the proportion of women at tier II (Extended Board of Management) and tier III (divisional management) management levels of 17 percent and 15 percent respectively.

As of 31 December 2018, the target for the Supervisory Board was reached at 15.8 percent.

At the first level below the Executive Board, the proportion of women as of 31 December 2018 was 20 percent and in the second level below Executive Board level 29.4 percent.

To achieve the targets specified in Section 36 GmbHG (German Limited Liability Companies Act) for the two management levels below the Executive Board, the Executive Board has set a deadline of 30 June 2022 in accordance with Section 36, sentence 4 GmbHG. The Executive Board combines this commitment with the explicit intention to work towards increasing the respective proportion of women wherever vacancies occur that can be filled with suitable and interested female candidates.

Frankfurt am Main, 12 April 2019

Wolfgang Marzin Detlef Braun Uwe Behm

Consolidated financial statements 2018

Consolidated balance sheet of Messe Frankfurt GmbH, Frankfurt am Main, at 31 December 2018

Assets

	Notes	At 31.12.2017 in €	At 31.12.2018 in €	At 31.12.2018 in €
A. Fixed assets	(1)			
I. Intangible fixed assets		48,604,773.22	40,336,735.30	
II. Tangible fixed assets		659,872,691.71	711,169,114.27	
III. Long-term financial assets		92,146.49	20,451.68	
		708,569,611.42	751,526,301.25	
B. Current assets				
I. Inventories	(2)			
1. Raw materials, consumables and supplies		464,392.14	489,199.26	
2. Work in progress – services		475,883.10	413,810.97	
3. Goods		702,304.65	725,923.13	
4. Prepayments (inventories)		180.00	72.00	
		1,642,759.89	1,629,005.36	
II. Receivables and other assets				
1. Trade receivables	(3)	40,763,952.76	22,763,396.34	
2. Other receivables and other assets	(4)	41,559,455.53	36,330,967.64	
		82,323,408.29	59,094,363.98	
III. Securities	(5)	30,003,296.43	93,988,667.09	
IV. Cash-in-hand, bank balances and cheques	(6)	186,762,631.64	203,423,212.19	
		300,732,096.25	358,135,248.62	
C. Prepaid expenses	(7)	4,553,044.18	6,893,050.39	
D. Deferred tax assets	(8)	27,056.44	5,281.67	
		1,013,881,808.29	1,116,559,881.93	
Equity and liabilities				
	Notes	At 31.12.2017 in €	At 31.12.2018 in €	At 31.12.2018 in €
A. Group equity	(9)			
I. Subscribed capital		180,000,000.00	180,000,000.00	
II. Capital reserves		112,148,640.00	112,172,235.68	
III. Revenue reserves				
1. Other revenue reserves		83,659,913.97	86,209,174.14	
IV. Foreign currency translation differences		-4,832,699.56	-7,144,094.94	
V. Retained profits carried forward		110,376,285.08	132,883,055.03	
VI. Group profit		36,603,834.27	46,198,827.40	
VII. Minority interests		8,733,020.18	7,637,662.95	
		526,688,993.94	557,956,860.26	
B. Negative consolidation difference	(10)	969,224.81	629,809.89	
C. Equity-similar special reserve for subsidies/grants for the acquisition of fixed assets	(11)	16,821,200.00	14,673,800.00	
D. Provisions				
I. Provisions for pensions and similar obligations		11,075,145.31	11,324,908.55	
II. Provisions for taxes		20,490,970.34	26,151,380.59	
III. Other provisions	(12)	77,730,507.12	89,699,324.07	
		109,296,622.77	127,175,613.21	
E. Liabilities	(13)			
I. Liabilities to banks		90,000,000.00	121,045,886.66	
II. Payments received on account of orders		199,117,545.72	231,216,390.96	
III. Trade payables		29,108,065.05	30,122,305.79	
IV. Other liabilities		15,415,769.27	11,031,560.44	
		333,641,380.04	393,416,143.85	
F. Deferred income	(14)	19,740,506.75	17,622,327.77	
G. Deferred tax liabilities	(15)	6,723,879.98	5,085,326.95	
		1,013,881,808.29	1,116,559,881.93	

Consolidated income statement

of Messe Frankfurt GmbH for the financial year from 1 January 2018 to 31 December 2018

	Notes	2017 €	2017 €	2018 €	2018 €
1. Sales	(18)	669,131,189.48		718,126,176.69	
2. Increase or decrease of work in progress	(19)	57,098.25		-62,072.13	
3. Other operating income	(20)	17,411,938.94		20,193,700.96	
				686,600,226.67	738,257,805.52
4. Event-related expenses	(21)	342,071,048.53		342,351,185.88	
5. Personnel expenses	(22)	158,833,524.45		169,999,130.58	
6. Amortisation and write-downs of intangible fixed assets, depreciation and write-downs of tangible fixed assets	(23)	50,618,126.63		57,542,975.34	
7. Other operating expenses	(24)	73,175,654.59		87,720,469.70	
				624,698,354.20	657,613,761.50
8. Financial result	(25)			-2,000,257.20	
9. Taxes on income	(26)			15,114,377.54	
10. Earnings after taxes				44,787,237.73	56,971,048.85
11. Other taxes	(27)			4,277,604.93	
12. Consolidated net income for the year				40,509,632.80	50,327,794.93
13. Profit attributable to minority interests				-3,905,798.53	
14. Loss attributable to minority interests				0.00	
				36,603,834.27	46,198,827.40
15. Group profit					

Explanatory notes to the 2018 consolidated financial statements of Messe Frankfurt GmbH for the financial year from 1 January 2018 to 31 December 2018

General disclosures

The parent company, Messe Frankfurt GmbH, Ludwig-Erhard-Anlage 1, 60327 Frankfurt am Main, Germany, with headquarters in Frankfurt am Main, is listed under HRB 6640 in the commercial registry at the district court of Frankfurt am Main.

General disclosures relating to the consolidated balance sheet and the consolidated income statement

The consolidated financial statements of Messe Frankfurt GmbH, Frankfurt am Main, have been prepared in accordance with Sections 290 ff. HGB (Handelsgesetzbuch – German Commercial Code).

The consolidated income statement is prepared in accordance with the total cost (nature of expense) method.

Wherever individual items of the balance sheet and the income statement have been grouped together in the interests of clarity of presentation, these items are shown and explained separately in the notes. For the same reason, disclosures relating to the inclusion in other items and 'of which' information are also included in the notes.

The line item Cost of materials was reclassified as Event-related expenses pursuant to Section 265(6) HGB.

In accordance with Section 265(5) HGB, the required items of the HGB were further subclassified to include the heading Prepayments under the line item Financial assets.

Group reporting entity

In addition to Messe Frankfurt GmbH as parent, the consolidated financial statements also include the following subsidiaries over which Messe Frankfurt GmbH directly or indirectly has a controlling influence by virtue of the fact that it holds the majority of the voting rights:

- Messe Frankfurt Venue GmbH, Frankfurt am Main (FFM)/Germany
- Messe Frankfurt Medien und Service GmbH, FFM/Germany
- Accente Gastronomie Service GmbH, FFM/Germany
- Messe Frankfurt Exhibition GmbH, FFM/Germany
- Messe Frankfurt Middle East GmbH, FFM/Germany
- MESAGO Messe Frankfurt GmbH, Stuttgart/Germany
- Messe Frankfurt France S.A.S., Paris/France
- Messe Frankfurt Italia Srl., Milan/Italy
- Messe Frankfurt Istanbul L.S., Istanbul/Turkey
- O.O.O. Messe Frankfurt RUS, Moscow/Russia
- Messe Frankfurt UK Ltd., Godalming/UK
- Messe Frankfurt Asia Holding Ltd., Hong Kong/China
- Messe Frankfurt (H. K.) Ltd., Hong Kong/China
- Messe Frankfurt (Shanghai) Co. Ltd., Shanghai/China
- Guangzhou Guangya Messe Frankfurt Co. Ltd., Guangzhou/China
- Guangzhou Li Tong Messe Frankfurt Co. Ltd., Guangzhou/China
- Messe Frankfurt New Era Business Media Ltd., Hong Kong/China
- Messe Frankfurt New Era Advertising (Shenzhen) Co. Ltd., Shenzhen/China
- Messe Frankfurt Traders-Link (Beijing) Co. Ltd., Beijing/China
- Messe Frankfurt Japan Ltd., Tokyo/Japan
- Messe Frankfurt Trade Fairs India Pvt. Ltd., Mumbai/India
- Messe Frankfurt Korea Ltd., Seoul/South Korea
- Messe Frankfurt Inc., Atlanta/USA
- Messe Frankfurt México S. de R.L. de C.V., Mexico City/Mexico
- Messe Frankfurt Feiras Ltda., São Paulo/Brazil
- Indexport Messe Frankfurt S.A., Buenos Aires/Argentina
- Messe Frankfurt South Africa (Pty) Ltd., Johannesburg/South Africa

With effect from 28 February 2018, Messe Frankfurt Exhibition GmbH acquired 100 percent of the shares in Messe Frankfurt UK Ltd., Godalming/UK (formerly Forest Exhibitions Ltd.).

The remaining 22 percent of the shares in Messe Frankfurt South Africa (Pty) Ltd., Johannesburg/South Africa were acquired with effect from 19 December 2018.

In the case of Guangzhou Guangya Messe Frankfurt Co. Ltd., Guangzhou/China, the controlling interest arises from a decisive voting right with a shareholding of 50 percent.

An adjustment item is disclosed in group equity as Minority interests to indicate shares held by minority shareholders in the equity capital carried in the balance sheet.

Furthermore, the following companies jointly managed with non-group entities are also included in the consolidated financial statements proportionately to the shares in their capital held:

SMT/ASIC/Hybrid MESAGO Messe & Kongreß GmbH & Co. oHG, Nuremberg/Germany (75 percent)
PAACE Automechanika Mexico LLC, Atlanta/USA (50 percent)
O.O.O. ITEMF Expo, Moscow/Russia (50 percent)

Consolidation principles and currency translation

The balance sheet date for the consolidated financial statements is 31 December 2018. With the exception of Messe Frankfurt Trade Fairs India Pvt Ltd., Mumbai/India, which prepares its financial statements to 31 March of each year and was included in the consolidated annual accounts of the parent on the basis of interim financial statements drawn up at 31 December 2018, all subsidiaries included in the consolidated financial statements have prepared their financial statements as at the balance sheet date of 31 December 2018.

Acquisition accounting used the revaluation method to consolidate subsidiaries. Where the acquisition process occurred in a financial year commencing before 1 January 2010, acquisition accounting used the book-value method to consolidate subsidiaries by eliminating the carrying amounts of the investments against the proportionate equity of the subsidiaries attributable to the parent at the time of acquisition.

Acquisitions or disposals of shares that do not affect the controlling influence were accounted for as equity transactions.

In the case of jointly managed undertakings, all consolidation steps were carried out proportionate to the ownership interest pursuant to Section 310 HGB. In total, this gave rise to € 2.717 million in current assets, € 604,000 in non-current assets and € 1.983 million in current liabilities, € 3.341 million in expenses and € 3.244 million in income from shares in joint undertakings. No off-balance-sheet financial obligations existed.

Receivables and liabilities as well as expenses and income items between the companies included in the consolidated financial statements were netted. Provisions relating to intragroup transactions as well as gains and losses arising from intragroup deliveries and services were eliminated.

End-of-year financial statements of the foreign subsidiaries included in the consolidated financial statements prepared in a foreign currency were translated in compliance with Section 308a HGB. All balance sheet items of the included foreign group entities, with the exception of Equity (subscribed capital, reserves, retained profits carried forward), which is carried at historical rates, were translated into euros at the respective middle spot rate at the balance sheet date. Differences arising from the translation of equity as a result of changes in the exchange rate compared to the previous year were recognised directly in equity under Foreign currency translation differences.

Income and expenses for the financial year were translated at the middle spot rate. The net income for the year shown in the translated income statements was carried over into the consolidated balance sheet and recognised directly in equity under Foreign currency translation differences.

Foreign currency translation of the financial statements of the subsidiary in Argentina, which are prepared in a foreign currency, is carried out in accordance with DRS 25 (German Accounting Standard), taking into account the requirements for high-inflation countries. Inflation is adjusted by indexing the financial statements, which are based on the acquisition/nominal value principle and prepared in the (highly inflationary) local currency. This did not have any material impact on the consolidated financial statements.

Accounting and measurement policies

The following accounting and measurement principles were applied in preparing the consolidated financial statements.

Purchased intangible fixed assets were recognised at cost, less (where subject to wear and tear) straight-line amortisation over their useful life. Where a permanent impairment loss appears probable, they are recognised at their lower fair value on the balance sheet date. If the reasons for a probable permanent impairment loss no longer apply, the impairment loss is reversed accordingly.

Where acquisition accounting resulted in goodwill, an expected useful life of up to 15 years was assumed at the time of initial recognition, in particular with regard to the continuous development and continued existence of the business and customer relations arising from the acquisition of the goodwill. Goodwill is amortised on a straight-line basis over the useful life. In accordance with Section 301 (3) HGB, a negative difference arising on consolidation was included as a separate item on the equity and liabilities side of the balance sheet below shareholders' equity as Negative consolidation difference.

Tangible fixed assets were recognised at cost, less depreciation through use and, where applicable, write-downs. Depreciation through use was calculated on a straight-line basis in accordance with unchanged principles. In the case of technical retrofits of halls already duly depreciated, a useful life of ten years was assumed.

New additions to tangible and intangible fixed assets were depreciated on a pro rata temporis basis in the year of acquisition.

Low-value assets up to a net value of € 250 per item (previous year € 150) were expensed in the year of acquisition. Assets with purchase costs above € 250 to € 800 net (previous year € 150 to € 410) were written off in full in the year of acquisition, with their immediate disposal being assumed.

Under Financial assets, shares and ownership interests were stated at cost or, where a permanent impairment loss is indicated, at their lower fair value. If the reasons that led to a probable permanent impairment no longer apply, the impairment loss is reversed accordingly.

Inventories were carried at the lower fair value at the balance sheet date.

Receivables were disclosed at nominal value on the balance sheet date. Identified individual risks were recognised through valuation allowances.

Other assets were shown in the balance sheet at nominal value.

Securities were stated at the lower fair value, taking all identifiable risks into account.

Liquid assets were disclosed at their nominal value.

Prepaid expenses relate to advance payments made before the balance sheet date that represent an expense to be incurred in a subsequent period.

The market value of the acquired assets is used to determine the revalued equity. The hidden reserves to be disclosed in this context mainly relate to trade fair rights. In addition, any hidden liabilities to be recognised are deducted from any disclosed hidden reserves. The market value was determined using recognised capitalised earnings methods.

The equity-similar special reserve for subsidies or grants for acquisition of fixed assets was set up in fiscal 2000 and relates to a grant made by the City of Frankfurt am Main in connection with the construction of the "Rebstock" multi-storey car park. The write-back of the special reserve was recognised in income, corresponding to the depreciation of the related fixed assets over a useful life of 25 years. Advantage was taken of the possibility to exercise the retention option pursuant to Section 67 (3) EGHGB (Act Introducing the German Commercial Code). Thus the special tax-allowable reserve in accordance with Sections 247 (3) and 273 HGB in the version valid until 28 May 2009 has also been retained for financial statements from 2010.

Provisions are in principle recognised in the amount dictated by prudent business judgement that is required to settle the obligation (i.e. including future cost and price increases). They take into account all identifiable risks and contingent liabilities, as well as anticipated losses from pending transactions. Provisions with a residual term of more than one year are discounted.

Provisions for pensions and similar obligations for former members of the Executive Board and their surviving dependents are calculated using the projected unit credit method (PUC method) based on the new "2018 G actuarial tables" compiled by Prof. Klaus Heubeck. The difference resulting from the first-time application of the new mortality tables was immediately recognised in full under Personnel expenses. For discounting purposes, as in the previous year the average market interest rate of the past ten financial years of 3.21 percent (previous year 3.68 percent) with a residual term of 15 years was applied across the board in accordance with the Gesetz zur Umsetzung der Wohnimmobilienkreditrichtlinie und zur Änderung handelsrechtlicher Vorschriften (Act Implementing the Mortgage Credit Directive and Amending Accounting Rules) of 11 March 2016, applying the simplification rule pursuant to Section 253 (2), sentence 2 HGB. The difference within the meaning of Section 253 (6), sentence 1 HGB between the measurement of pension provisions with the 10-year average interest rate and the 7-year average interest rate amounted to € 186,000 (previous year € 176,000) at the balance sheet date. The difference is barred from distribution pursuant to Section 253 (6), sentence 2 HGB. Anticipated pay rises of 2.5 percent (previous year 2.5 percent) and a rate of pension progression of 2.0 percent (previous year 2.0 percent) were assumed. Fluctuation was given consideration with a flat rate of 1.8 percent (previous year 1.8 percent).

Some employees of the Messe Frankfurt Group have concluded deferred compensation agreements pursuant to Section 1a (2) BetrAVG (German Company Pensions Act). The level of the pension benefit was calculated pursuant to Section 253 (1), sentence 3 HGB on the basis of the fair value of the reinsurance cover taken out. The fair value of the reinsurance with a value (amortised cost) of € 1.247 million (previous year € 1.236 million) was netted against the settlement amount of the debt.

Provisions for taxes comprise outstanding taxes not yet assessed for the financial year.

Provisions for partial retirement were valued in line with the pronouncements of the IDW RS HFA 3 (accounting methods for partial retirement obligations under IAS and HGB) and the provisions of the German Commercial Code (HGB), based on an interest rate pursuant to Section 253 (2), sentence 2 HGB of 2.32 percent (previous year 2.80 percent). Anticipated pay rises were factored in by applying a salary trend of 2.0 percent (previous year 2.0 percent). In respect of social security contributions, taking account of the income thresholds for pension and unemployment insurance (West) and for health and long-term care insurance, a contribution rate of 19.575 percent (previous year 19.075 percent) was assumed. When measuring the provision for partial retirement for potential draw-downs, as in the previous year a probability of occurrence of 50 percent was applied.

Anniversary benefits recognised in Other provisions were valued in accordance with the projected unit credit method. Under this method, the amount of the provision is defined as the actuarial present value of all pro rata benefits attributed to employee service up to the balance sheet date. The discount rate is 3.21 percent (previous year 3.68 percent). In addition, the employer's contributions to the statutory pension plan accruing on payment of the

anniversary bonus were stated at a flat rate of 14.5 percent (previous year 14.5 percent) of the anniversary bonus payments made.

The provision for the retention of business records was calculated on a full-cost basis – with a deduction of 20 percent (previous year 20 percent) for documents kept voluntarily. An inflation rate of 2.0 percent (previous year 2.0 percent) and an average retention period (multiplier) of 4.5 years (previous year 4.5 years) were assumed. Discounting was performed for a period of 4.5 years (previous year 4.5 years) at the discount rate of the Deutsche Bundesbank (central bank of the Federal Republic of Germany) of 1.18 percent (previous year 1.66 percent).

Other provisions include, inter alia, possible indemnification claims by commercial agents, taking advantage of the retention option pursuant to Section 67 EGHGB.

Liabilities were carried at their repayment amount.

Within the Messe Frankfurt Group, derivative financial instruments are in principle only used to hedge the risks inherent in an underlying transaction. Underlying transactions may also relate to intragroup transactions. Provided the conditions of Section 254 HGB are met, hedges are applied and, pursuant to Section 254, sentence 1 HGB, in these cases Sections 249(1), 252(1), Nos. 3 and 4, 253(1), sentence 1 and 256a HGB are not applied.

Deferred income relates to income received before the balance sheet date that represents earnings generated in a subsequent period.

Assets and liabilities denominated in foreign currencies were in principle translated at the middle spot rate at the balance sheet date. For assets and liabilities with a residual term of more than one year, the impairment and realisation principle (Section 252(1), No. 4 HGB) and the purchase cost principle (Section 253, sentence 1 HGB) were applied.

Costs incurred for press, advertising and public relations work for events in subsequent years were posted throughout the group as expenses in the reporting year.

For the recognition of deferred taxes under Section 274(1) HGB resulting from temporary differences between the carrying amounts of assets and liabilities in the balance sheet and their respective tax bases, or

resulting from tax loss carryforwards, the amounts of the resulting tax assets and liabilities were determined as in the previous year using the tax rate at the time of the expected reduction of the differences of an underlying 31.9 percent, and were not discounted.

At 31 December 2018, future tax benefits were recognised due to reduced tax write-downs and adjusting provisions for taxation. Moreover, deferred tax liabilities resulting from accounting and measurement differences were recognised primarily for deferred income, as well as for purchased concessions and industrial property rights. Additional deferred tax liabilities relate to land and buildings as well as liabilities and provisions. Deferred tax assets and liabilities were netted. The remaining deferred taxes per entity after netting were not capitalised based on the existing recognition option.

Deferred taxes determined under Section 306 HGB were not netted out in the balance sheet; where the temporary difference is expected to reverse, the underlying tax rate is 31.9 percent (previous year 31.9 percent).

Disclosure of extraordinary items

In the reporting year, a value added tax of 5 percent was introduced in the United Arab Emirates for taxable supplies of goods and services.

In this context, discrepancies in the recognition and payment of VAT to be invoiced to customers were identified when preparing the financial statements, which led to the subsequent recognition of VAT not yet paid to the responsible tax authority under the heading Other liabilities. This extraordinary VAT liability was reported under Other taxes. Measures are currently being taken to amend the incorrectly made out invoices by issuing credit notes to the recipients of the original invoices and sending out corrected invoices with VAT shown separately.

As a result of the incorrect invoices arising from the not-invoiced VAT and the subsequent failure to pay the VAT due, substantial late payment charges are expected, which were recognised under the headings Other provisions and Other operating expenses (taking account of currency translation).

The previous year is not comparable in this respect.

Notes to the consolidated balance sheet

(Amounts in € '000, unless otherwise stated)

(1) Fixed assets

The classification of the combined fixed asset headings disclosed in the consolidated balance sheet and their development trend in 2018 are presented in the Statement of changes in fixed assets in Appendix I to these notes. A list of shareholdings as per 31 December 2018 has been attached to the notes to the consolidated financial statements in Appendix II.

Prepayments and assets under construction under Tangible fixed assets relate in particular to the technical refurbishment of Hall 6 and initial measures for the demolition and new construction of Hall 5.

The average useful life per asset class is structured as follows:

Asset item	Useful life
Purchased concessions, industrial and similar rights and assets and licences in such rights and assets	3–5 years
Goodwill	up to 15 years
Land, land rights and buildings, incl. buildings on third-party land	10–40 years
Technical equipment and machinery	5–10 years
Other equipment, operating and office equipment	3–15 years

In the reporting period, the acquisition of shares in Messe Frankfurt UK Ltd., Godalming/UK (formerly Forest Exhibitions Ltd.), resulted in an addition of €3.8 million to the

item Purchased concessions, industrial and similar rights and assets, and licenses in such rights and assets due to a change in the group reporting entity.

(2) Inventories

This primarily covers raw materials, consumables and supplies, chargeable input for events in subsequent years and merchandise.

(3) Trade receivables

Receivables due after more than one year are not included in this item.

	Total	Due after more than one year		
	31.12.2017	31.12.2018	31.12.2017	31.12.2018
Taxes	15,547	13,512	685	745
Prepayments	15,684	15,484	514	140
Other	10,328	7,335	326	476
	<hr/>	<hr/>	<hr/>	<hr/>
	41,559	36,331	1,525	1,361

Taxes are principally advance income tax payments amounting to € 7.975 million (previous year € 8.773 million) and VAT receivables of € 4.488 million (previous year € 6.304 million). This includes € 716,000 of input tax assets that have not yet legally arisen.

(6) Cash-in-hand, bank balances and cheques

	31.12.2017	31.12.2018
Cheques and cash-in-hand	1,490	1,388
Bank balances	185,273	202,035
	186,763	203,423

Bank balances include recognition of fixed-term deposits in the amount of € 87.510 million (previous year € 68.149 million).

(7) Prepaid expenses

Prepaid expenses include in particular expenses for the assumption of pro rata investments for an integrated traffic guidance system on the federal motorway, which is made available to Messe Frankfurt by the Federal Government over a period of 15 years. The corresponding expenditure is included in the balance sheet on the assets side as prepaid expenses over this period of use.

(8) Deferred tax assets

Deferred tax assets are formed due to consolidation procedures pursuant to Section 306 HGB and include deferred taxes from the elimination of amortisation of trade fair rights.

(9) Equity

The classification of shareholders' equity including minority interests is attached as a component of the consolidated financial statements. The parent company has € 287 million available for distribution. Of this potential distribution amount, € 0.6 million is subject to a bar on distribution.

(10) Negative consolidation difference

Pursuant to Section 301(3) HGB, the negative consolidation difference arising in 2015 from the acquisition of the remaining shares in Messe Frankfurt New Era Business

Other assets include receivables from the shareholder City of Frankfurt in the amount of € 106,000 (previous year € 402,000).

(5) Securities

Securities relate to commercial papers.

(11) Equity-similar special reserve for subsidies or grants for the acquisition of fixed assets

The special reserve relates to a grant made by the City of Frankfurt am Main in connection with the multi-storey car park at the "Rebstock" site. The write-back of the special reserve was recognised in income, corresponding to the depreciation of the car park over a useful life of 25 years.

(12) Other provisions

Other provisions primarily include contractual repair and renovation obligations, claims from employees, anticipated losses from pending transactions, outstanding purchase invoices, as well as possible claims from commercial agents.

In addition, expected late payment charges from VAT not invoiced to customers and paid late to the responsible tax authority in the United Arab Emirates were recognised.

(13) Liabilities

	Due within one year	Due after one year	Due after more than five years			
	31.12.2017	31.12.2018	31.12.2017	31.12.2018	31.12.2017	31.12.2018
Liabilities to banks	10,833	16,324	57,778	57,778	21,389	46,944
Payments received on account of orders	199,117	231,216	1	0	0	0
Trade payables	29,035	30,072	73	50	0	0
Other liabilities	15,293	10,887	123	144	0	0
– of which taxes	(3,671)	(5,718)	(0)	(1)	(0)	(0)
– of which social security	(497)	(471)	(0)	(0)	(0)	(0)
	254,278	288,499	57,975	57,972	21,389	46,944

Liabilities to banks relate to a loan of € 130.0 million taken out with underwriting banks via the KfW development bank, which was carried at € 121.046 million at the balance sheet date, including interest. The loan runs until 2027 and is intended for financing the construction of Hall12 on the Frankfurt exhibition grounds. The loan is to be repaid with € 14.444 million per year.

Messe Frankfurt Asia Holding Ltd., Hong Kong, and Messe Frankfurt (H.K.) Ltd., Hong Kong, deposited amounts of HKD 7 million and USD 6 million in August 2018 and in October 2018 for short-term investment with Messe Frankfurt GmbH until August 2019 and January 2019. In addition, Messe Frankfurt Middle East GmbH, Dubai branch office, deposited various amounts totalling USD 15 million from September 2018 to January 2019 as investments with Messe Frankfurt GmbH. The interest obligations expected from the cash investments of Messe Frankfurt Middle East GmbH, Dubai branch office, were also hedged by a foreign exchange swap in the amount of USD 140,000 classified as a cash flow hedge.

In order to hedge the currency risk arising from these underlying transactions, Messe Frankfurt GmbH contracted foreign exchange swaps in the corresponding months for the respective amounts with maturities matching the financial investments (micro hedge). Counter swap transactions have been concluded and hedged for ineffective parts of concluded swap transaction. Since the opposing changes in the fair value of the cash flows from the underlying transactions and the forward exchange contracts offset each other, Messe Frankfurt GmbH recognised hedging relationships and, pursuant to Section 254 HGB, opted not to apply Section 249(1), Section 252(1), Nos. 3 and 4, Section 253(1), sentence 1 and Section 256a HGB (net hedge presentation method) in its annual financial statements for the period of the term of the contract.

Without these hedges, liabilities to Messe Frankfurt Asia Holding Ltd., Hong Kong, to Messe Frankfurt(H.K.)Ltd., Hong Kong, and to Messe Frankfurt Middle East GmbH, Dubai branch office, would have been € 36,000, €23,000 and € 201,000 higher as per the balance sheet date in line with exchange rate developments. An ineffective portion of the counter swap transaction resulted in a contingent loss of € 2,000.

Due to the consolidation of the underlying transactions and the positive market values of the derivative financial instruments (€260,000), there are no further effects on the consolidated financial statements.

Trade payables include liabilities to the shareholder City of Frankfurt am Main in the amount of €10,000 (previous year €3,000).

As of the balance sheet date, Other liabilities included €1.901 million in VAT not yet invoiced to customers but due to the responsible tax authority in the United Arab Emirates. Payment was made to the United Arab Emirates tax authority after the balance sheet date.

(14) Deferred income

Deferred income primarily includes one-off payments received in advance in the years 1988, 1992 and 1996 for 31, 35 and 99 years respectively for two heritable building leases as well as a payment for a joint usufruct in parts of buildings, which were disclosed under Liabilities as deferred income. The three partial deferred income amounts are written back on a straight-line basis over the specified terms.

(15) Deferred tax liabilities

Deferred tax liabilities primarily arise from the disclosure of hidden reserves in the context of applying the revaluation method in acquisition accounting and due to temporary differences from the measurement of property.

(16) Other financial obligations and contingent liabilities

Other financial obligations totalled €153.271 million (previous year €214.721 million). These are primarily made up of open purchase orders related to investments, obligations arising from rent and lease contracts, obligations relating to the acquisition of additional company shares, as well as ground rents for three building lease contracts.

(17) Fiduciary relationships

The company administers fiduciary accounts for events hosted by guest organisers and the Frankfurt Music Prize Foundation. The balance of the fiduciary accounts at the end of the period was €390,000.

Notes to the consolidated income statement

(Amounts in €'000, unless otherwise stated)

(18) Sales

	According to type	2017	2018
Stand rents		391,020	415,339
Halls, site and other rents		43,615	42,393
Admission fees and participation fees		11,433	11,580
Services and other income		223,063	248,814
		669,131	718,126

According to region

	According to region	2017	2018
Germany		395,328	423,787
Europe excl. Germany		48,105	50,139
Asia		191,946	215,618
America		30,919	26,028
Africa		2,833	2,554
		669,131	718,126

(19) Increase or decrease in work in progress

This item relates to increases in the stock of services for events in 2019 capitalised in the 2018 financial year.

(20) Other operating income

This account mainly includes prior-period income from the reversal of provisions (€ 5.426 million; previous year € 2.995 million), income from prior years relating to other accounting periods (€ 694,000; previous year € 1.492 million) and from recoveries on receivables already written-off (€ 1.281 million; previous year € 1.288 million), as well as income from exchange rate differences (€ 8.322 million; previous year € 7.663 million) and income from the pro rata temporis reversal of the equity-similar special reserve for subsidies or grants for the acquisition of fixed assets (as in the previous year € 2.147 million). This item also includes the reversal of a write-down on brand rights of € 18,000.

(21) Event-related expenses

	2017	2018
Cost of raw materials, consumables and supplies and of purchased materials	8,721	9,021
Cost of purchased services	333,350	333,330
	342,071	342,351

Cost of purchased services comprises in particular expenses for hall and site rental, hall fitting, maintenance of the exhibition grounds and expenses for event-related communication.

They include prior-period expenses for the maintenance of plant and inventories in the amount of €129,000 (previous year €904,000).

(22) Personnel expenses/employees

	2017	2018
Wages and salaries	131,315	141,092
Social security, post-employment and other employee benefit costs	27,518	28,907
– of which in respect of old-age pensions	(7,441)	(7,310)
	158,833	169,999
Employees (active, annual average)	2017	2018
Vice presidents	43	59
Salaried employees	2,048	2,136
Wage-earning employees	230	244
	2,321	2,439

The stated number of employees includes 14 employees at proportionately consolidated entities pursuant to Section 310 HGB (proportionately: seven).

(23) Amortisation and write-downs of intangible fixed assets and depreciation and write-downs of tangible fixed assets

Amortisation and write-downs of intangible assets result primarily from rights and licenses as well as goodwill. Write-downs were also recognised in the amount of €3.311 million (previous year €1.049 million) on brand rights and in the amount of €505,000 (previous year €0,000) on goodwill.

(24) Other operating expenses

Other operating expenses amounting to €87.720 million principally include rental and lease expenses and office costs, legal, consulting and auditing costs, expenses for

promotional activities and allowances for bad debts. Expenses arising from currency translation differences are included with €8.413 million (previous year €7.033 million). In addition, extraordinary expenses in the amount of €8.6 million were recognised (taking currency translation into account). These are based on anticipated late payment charges, which relate to invoices incorrectly issued to customers and as a result of which insufficient VAT was paid to the responsible tax authority of the United Arab Emirates. In the previous year, extraordinary expenses relating to prior periods amounting to €384,000 were recognised, which related in particular to allowances for bad debts.

(25) Financial result

	2017	2018
Income from long-term equity investments	3	2
Other interest and similar income	1,322	2,186
Interest and similar expenses	3,325	4,857
– of which from interest cost	(2,903)	(3,983)
Impact of hyperinflation	0	124
	-2,000	-2,793

Interest expenses principally include the interest cost of provisions.

(26) Taxes on income

	2017	2018
Taxes on income	15,668	23,135
Deferred taxes	-554	-2,255
	15,114	20,880

(27) Other taxes

	2017	2018
Other taxes	4,278	6,643
	4,278	6,643

Other taxes primarily relate to property taxes. In addition, VAT to be paid to the responsible United Arab Emirates tax authority within the year was recognised, which as of

the balance sheet date had not been invoiced to customers and therefore has to be borne by the company. These amounts are classified as extraordinary amounts.

Reconciliation of expected income tax expense

	2017	2018
Earnings before taxes (financial accounts)	55,624	71,318
Expected income tax expense (group tax rate 31.9%; previous year 31.9%)	17,758	22,768
Effects of changes in tax rates	133	-64
Tax-free income/trade tax deductions	-2,217	-1,219
Non-deductible business expenses/trade tax additions, incl. Section 8(1) GewStG (German Trade Tax Act)	2,170	2,240
Taxes attributable to previous years recognised in the reporting period	-697	-2,998
Effects of deviating tax rates	-4,006	-2,721
Effects of non-allowable/deductible income tax	0	87
Effects of consolidation	574	-54
Effects of options under Section 274(1) HGB	1,452	1,724
Other effects	-53	1,117
Recognised income tax expense	15,114	20,880
Effective group tax rate (%)	27,2	29,3

Report on post-balance sheet date events

With the exception of the events described below, no events having a material impact on the position of the group occurred after completion of fiscal 2018 and up to preparation of the consolidated financial statements and the group management report.

The outstanding tax payment to the United Arab Emirates tax authority as a result of incorrect invoicing had been made by the time the annual financial statements were prepared. Measures are currently being taken to issue credit notes and send out corrected invoices with VAT shown separately. In respect of the provisions made for late payment charges, Messe Frankfurt Middle East GmbH, with external support, is in talks with the tax authority in Dubai.

The KfW bank confirmed that the requested repayment grant of € 4.185 million to finance the new Hall12 will be approved on the basis that the KfW55 energy standard was achieved. In 2019, this approved repayment grant will affect the financial position and cash flows to the extent that the liabilities to banks and the production costs of the new Hall12 will be reduced by this amount.

In spring 2019, a purchase agreement was concluded for the acquisition of a minority interest in a company in Germany. The acquisition will have a minor impact on the financial position and cash flows of the group.

Other disclosures**Shareholders**

60 percent of the shares in the parent company, Messe Frankfurt GmbH, are held by the City of Frankfurt am Main, 40 percent by the State of Hesse.

Group affiliation

Messe Frankfurt GmbH (parent), domiciled in Frankfurt am Main, prepares the consolidated financial statements in accordance with the requirements of German commercial law (HGB) for both the largest and the smallest group of companies. The consolidated financial statements and the group management report are submitted to and published in the Bundesanzeiger (Federal Gazette).

Proposal on the appropriation of net income

The proposal will be put forward to the shareholders that €13 million be proportionately distributed to the shareholders from the annual profit of the parent company for the

financial year 2018 and the remaining amount be carried forward to new account.

Disclosures relating to the cash flow statement

Cash funds recognised in the cash flow statement comprise cash-in-hand, current bank balances and fixed-term deposits with a maturity of less than three months.

The difference between cash funds and liquid assets recognised in the consolidated balance sheet in the amount of € 203.423 million (previous year € 186.763 million) is € 20.862 million (previous year € 17.695 million) and results from time deposits having a residual maturity of more than three months at the time of acquisition.

Cash funds include € 907,000 from proportionately consolidated entities. They are not subject to any restrictions on disposal.

Non-cash income results primarily from the reversal of deferred income for heritable building leases amounting to € 2.099 million, the reversal of the equity-similar special reserve for subsidies or grants for the acquisition of fixed assets amounting to € 2.147 million as well as currency translation differences.

Expenditure of € 7.268 million was recognised in the reporting year for the acquisition of shares in companies to be consolidated, taking into account liquid assets acquired as of the balance sheet date.

In the 2018 financial year, an amount of €13 million was distributed to the shareholders and € 4.528 million to minority shareholders.

Disclosures relating to the consolidated statement of changes in equity

At 31 December 2018, accumulated retained earnings attributable to group shareholders in the amount of € 826,000 were barred from distribution. These amounts relate to assets measured at fair value.

Auditors' fees

The auditors' fees for the financial year apportionable to Mazars GmbH & Co. KG for the audit of the single-entity and consolidated financial statements amounted to € 334,000 (previous year € 330,000). In the previous year, an additional amount of € 133,000 was invoiced by Mazars GmbH & Co. KG for other services.

Supervisory Board of Messe Frankfurt GmbH

Remuneration of the members of the executive bodies of the parent company

The remuneration of the members of the Executive Board comprises a fixed and a variable component. The fixed remuneration is made up of a fixed annual salary and a guaranteed year-end bonus. For the purposes of pension provision, the company pays contributions to insurances. In addition, the individual members of the Executive Board receive non-cash benefits that are

individually taxed. These primarily include provision of a company car and insurance benefits for business travel at standard market rates.

The following table shows the remuneration of the members of the Executive Board in fiscal 2018:

	Fixed remuneration		Variable remuner-ation	Pension provision	Non-cash benefits	Total
	Fixed annual salary	Guaranteed year-end bonus	2017			
Wolfgang Marzin	308	60	123	70	14	575
Uwe Behm	274	60	123	70	15	542
Detlef Braun	274	60	123	70	11	538
Total					1,655	

Provisions for each Executive Board member amounting to €127,000 for variable bonuses were recognised in 2018. These take into account components with a long-term incentive effect and are derived from socio-economic agendas for the Frankfurt venue, as well as from financial targets of the group.

The members of the Executive Board were promised benefits in the event of premature termination of their term of office by the General Meeting without serious cause. A two-year non-competition covenant was also agreed with the Executive Board members in the case of termination of their service, for which a compensation payment was agreed.

No loans or advances were granted to the members of the Executive Board in the 2018 financial year.

Superannuation benefits and retirement annuities, as well as interim payments and indemnifications of €868,000 (previous year €856,000) were paid to former members of the Executive Board and surviving dependents. Pension provisions totalling €8.604 million (previous year €8.468 million) were recognised for the aforementioned groups of persons at 31 December 2018.

The remuneration and expense allowance paid to members of the Supervisory Board totalled €41,000 (previous year €53,000).

Executive Board of the parent

The following were appointed to the Executive Board:

Wolfgang Marzin, Betriebswirt HWF
(Graduate in Business Administration, University of Applied Sciences)
President and Chief Executive Officer

Uwe Behm, Diplom-Ingenieur / Diplom-Wirtschaftsingenieur (FH)
(Graduate in Engineering / Graduate in Industrial Engineering, University of Applied Sciences)

Detlef Braun, Diplom-Betriebswirt
(Graduate in Business Administration)

Wolfgang Marzin

Detlef Braun

Uwe Behm

Peter Feldmann
(Chairman)
Executive Mayor, City of Frankfurt am Main, Frankfurt am Main

Tarek Al-Wazir
(1st Vice Chairman)
Hessian Minister of Economics, Energy, Transport and Regional Development, Wiesbaden

Wolfgang Dimmer
(2nd Vice Chairman)
Chairman of the Works Council of Messe Frankfurt GmbH, Frankfurt am Main

Jörn Apfelstädt
Frankfurt am Main

Uwe Becker
Mayor and Treasurer of the City of Frankfurt am Main, Frankfurt am Main

Peter Beuth
Hessian Minister of the Interior and Sport, Wiesbaden

Britta Böcher
Member of the Works Council of Messe Frankfurt GmbH, Frankfurt am Main

Bernd Ehinger
President of the Frankfurt-Rhine-Main Chamber of Crafts, Frankfurt am Main

Markus Frank
Councillor of the City of Frankfurt am Main, Frankfurt am Main

Mike Josef
Councillor of the City of Frankfurt am Main, Frankfurt am Main

Jetta Katharina Junk
IT specialist Messe Frankfurt GmbH, Frankfurt am Main

Alexander Kaiser
Senior project manager MESAGO Messe Frankfurt GmbH, Stuttgart

Andreas Pipperek
Director Project Research Messe Frankfurt GmbH, Frankfurt am Main

Dr Lutz Raettig
Chairman of the Supervisory Board of Morgan Stanley Bank AG, Frankfurt am Main

Heinrich Riethmüller
President of the Börsenverein des Deutschen Buchhandels e.V. (German Publishers & Booksellers Association), Frankfurt am Main

Christiane Rüdiger
Director SAP Service Management Messe Frankfurt GmbH, Frankfurt am Main

Dr Thomas Schäfer
Hessian Minister of Finance, Wiesbaden

Manuel Stock
Municipal Councillor of the City of Frankfurt am Main, Frankfurt am Main

Dr Jens Thiemer
(until 17 July 2018)
former Vice President Marketing Mercedes-Benz Cars of Daimler AG, Stuttgart

Prof. Dr Martin Viessmann
(until 12 December 2018)
CEO of Viessmann Werke GmbH & Co. KG, Allendorf

Hamid Yazdtschi
CEO of Gilde-Handwerk Macrander GmbH & Co. KG, Bocholt

Appendix I to the notes to the consolidated financial statements

Statement of changes in fixed assets

	Cost in €'000								Depreciation, amortisation and write-downs (cumulative) in €'000							Carrying amounts in €'000					
	At 1.1.2018		Adjust- ment for inflation 1.1.2018	Additions to consoli- dated group	Additions	Disposals	Transfers	Adjustment for inflation	Currency translation differences	At 31.12.2018	At 1.1.2018		Adjust- ment for inflation 1.1.2018	Changes in basis of con- solidation	Additions	Disposals	Reversals of write- downs	Currency translation differences	At 31.12.2018	At 31.12.2017	At 31.12.2018
I. Intangible fixed assets																					
1. Purchased concessions, industrial and similar rights and assets and licences in such rights and assets	145,471	443	0	11,525	3,168	0	300	-1,560	153,011	107,983	405	0	16,797	2,678	18	-1,115	121,719	37,489	31,292		
2. Goodwill	72,497	0	0	436	0	0	0	1,728	74,661	61,380	0	0	2,672	0	0	1,564	65,616	11,116	9,045		
	217,968	443	0	11,961	3,168	0	300	168	227,672	169,363	405	0	19,469	2,678	18	449	187,335	48,605	40,337		
II. Tangible fixed assets																					
1. Land, land rights and buildings, incl. buildings on third-party land	1,252,225	24	0	62,537	15	181,805	14	10	1,496,600	820,731	24	0	26,736	15	0	11	847,505	431,494	649,095		
2. Technical equipment and machinery	106,035	0	0	4,476	20	123	0	0	110,614	90,190	0	0	3,826	20	0	0	93,996	15,844	16,618		
3. Other equipment, operating and office equipment	117,781	100	40	10,031	4,316	386	87	-70	124,039	96,707	88	8	7,511	4,230	0	-43	100,128	21,074	23,911		
4. Prepayments and assets under construction	191,460	0	0	12,493	94	-182,314	0	0	21,545	0	0	0	0	0	0	0	0	191,460	21,545		
	1,667,501	124	40	89,537	4,445	0	101	-60	1,752,798	1,007,628	112	8	38,073	4,265	0	-32	1,041,629	659,872	711,169		
III. Financial assets																					
1. Investments	20	0	0	0	0	0	0	0	20	0	0	0	0	0	0	0	0	20	20		
2. Prepayments	72	0	0	0	72	0	0	0	0	0	0	0	0	0	0	0	0	72	0		
	92	0	0	0	72	0	0	0	20	0	0	0	0	0	0	0	0	92	20		
Total	1,885,561	567	40	101,498	7,685	0	401	108	1,980,490	1,176,991	517	8	57,542	6,943	18	417	1,228,964	708,569	751,526		

Appendix II to the notes to the consolidated financial statements

Ownership of shares in affiliated companies

Affiliated companies*

	Equity** in €'000	Earnings ** in €'000	Share- holding
Messe Frankfurt Venue GmbH, Frankfurt am Main/Germany	402,862	27,247	100%
Messe Frankfurt Medien und Service GmbH, Frankfurt am Main/Germany	3,503	5,430	100%
Accente Gastronomie Service GmbH, Frankfurt am Main/Germany	260	4,615	100%
Messe Frankfurt Exhibition GmbH, Frankfurt am Main/Germany	46,637	34,507	100%
Messe Frankfurt Middle East GmbH, Frankfurt am Main/Germany ³	-4,182	-4,382	100%
MESAGO Messe Frankfurt GmbH, Stuttgart/Germany ^{1 2}	2,862	11,805	100%
SMT/ASIC/Hybrid MESAGO Messe & Kongreß GmbH & Co. oHG, Nuremberg/Germany ¹	115	153	75%
Messe Frankfurt France S. A. S., Paris/France ³	3,259	2,952	100%
Messe Frankfurt Italia Srl, Milan/Italy ³	1,534	1,354	100%
Messe Frankfurt Istanbul L. S., Istanbul/Turkey ³	2,406	1,368	100%
O. O. O. Messe Frankfurt RUS, Moscow/Russia ³	3,634	992	100%
O. O. O. ITEMF Expo, Moscow/Russia ³	1,161	1,353	50%
Messe Frankfurt Asia Holding Ltd., Hong Kong/China ³	79,512	12,157	100%
Messe Frankfurt (H. K.) Ltd., Hong Kong/China ³	22,991	22,204	100%
Messe Frankfurt (Shanghai) Co. Ltd., Shanghai/China ³	3,876	2,549	100%
Guangzhou Guangya Messe Frankfurt Co. Ltd., Guangzhou/China ³	10,256	8,509	50%
Guangzhou Li Tong Messe Frankfurt Co. Ltd., Guangzhou/China ³	1,941	1,675	55%
Messe Frankfurt New Era Business Media Ltd., Hong Kong/China ³	-868	-155	100%
Messe Frankfurt New Era Advertising (Shenzhen) Co. Ltd., Shenzhen/China ³	843	3	100%
Messe Frankfurt Traders-Link (Beijing) Co. Ltd., Beijing/China ³	1,408	1,304	70%
Mesago Messe Frankfurt Corp., Tokyo/Japan ³	3,254	2,552	100%
Messe Frankfurt Trade Fairs India Pvt. Ltd., Mumbai/India ³	8,987	1,401	100%
Messe Frankfurt Korea Ltd., Seoul/South Korea ³	1,271	408	80%
Messe Frankfurt Inc., Atlanta/USA ³	227	975	100%
PAACE Automechanika Mexico LLC, Georgia/USA ^{3 5}	-10	0	50%
Messe Frankfurt México S. de R. L. de C. V., Mexico City/Mexico ³	382	13	100%
Messe Frankfurt Feiras Ltda., São Paulo/Brazil ³	-346	-73	100%
Indexport Messe Frankfurt S.A., Buenos Aires/Argentina ³	1,317	1,226	85%
Messe Frankfurt South Africa (Pty) Ltd., Johannesburg/South Africa ^{3 4}	-106	-617	100%
Messe Frankfurt UK Ltd., Godalming/UK ^{3 6}	-23	168	100%

*) Parent/subsidiary relationships are shown by indentations.

**) Equity was translated at historical exchange rates or the corresponding middle spot rates, depending on the time, and expenses and income were translated at the middle spot exchange rates.

¹ Data from the audited annual financial statements as at 31.12.2018.

² Before profit/loss transfer.

³ Equity and earnings were derived from the HB II Reporting Package (Intercompany relationships).

⁴ The remaining shares (22%) in this company were acquired in the reporting year.

⁵ The company is a joint venture between Messe Frankfurt Inc., Atlanta/USA, and the American cooperation partners for the purpose of holding PAACE Automechanika Mexico.

⁶ The shares in this company were acquired in the 2018 reporting year.

Consolidated cash flow statement of Messe Frankfurt GmbH

	2017 in €'000	2018 in €'000
Consolidated net income for the financial year	40,510	50,328
Depreciation, amortisation and write-downs (+) / reversals of write-downs (-) of fixed assets	49,904	57,525
Increase (+)/decrease (-) in provisions	-3,101	7,482
Other non-cash expenses (+) and income (-)	-8,012	-6,004
Increase (-)/decrease (+) in inventories	694	14
Increase (-)/decrease (+) in trade receivables and other assets not attributable to investing or financing activities	-26,815	21,260
Increase (+)/decrease (-) in trade payables and other liabilities not attributable to investing or financing activities	6,553	32,067
Proceeds (-)/expense (+) from disposal of fixed assets	1,025	538
Interest expense (+)/interest income (-)	2,003	2,671
Other investment income (-)	-2	-2
Interest received (+)/paid (-)	1,093	720
Income tax expense (+)/income tax income (-)	15,114	20,880
Income taxes paid	-14,431	-16,737
Cash flows from operating activities	64,535	170,742
Intangible fixed assets/tangible fixed assets		
- Capital expenditures	-110,199	-97,283
- Proceeds from disposal of fixed assets	47	204
Payments for acquisition of consolidated companies	0	-9,377
Balance between cash inflows/outflows from financial investments (securities held as current assets)	3,913	-67,152
Interest received (+)	9	12
Dividends received (+)	3	2
Cash flows from investing activities	-106,227	-173,594
Cash proceeds (+) from additions to shareholders' equity / minority shareholders	0	138
Cash payments (-) to the owners of Messe Frankfurt GmbH and minority shareholders	-17,773	-17,528
Cash repayments (-) of bank loans	0	-8,954
Cash proceeds (+) from bank borrowings	90,000	40,000
Interest paid (-)	-202	580
Cash flows from financing activities	72,025	14,236
Net change in cash funds	30,333	11,384
Effect on cash funds of changes in the reporting entity structure	0	2,109
Cash funds at beginning of period	138,735	169,068
Cash funds at end of period	169,068	182,561

Consolidated statement of changes in equity of Messe Frankfurt GmbH

	Equity of the parent in €'000							Minority interests in €'000			Group equity in €'000		
	Subscribed capital	Capital reserves	Revenue reserves	Total reserves	Currency translation differences	Profit brought forward	Consolidated net income for the financial year (attributable to parent)	Total	Before currency translation differences	Currency translation differences apportionable thereto	Profit apportionable thereto	Total	Total
At 31.12.2017	180,000	112,149	83,660	195,809	-4,833	146,980	0	517,956	8,199	534	0	8,733	526,689
Redemption of shares	0	0	0	0	0	0	0	0	0	0	0	0	0
Capital increase from company resources	0	0	0	0	0	0	0	0	0	0	0	0	0
Called/cash receipts of previously uncalled contributions	0	0	0	0	0	0	0	0	0	0	0	0	0
Allocation to reserves	0	0	197	197	0	-197	0	0	0	0	0	0	0
Dividends paid	0	0	0	0	0	-13,000	0	-13,000	-4,528	0	0	-4,528	-17,528
Currency translation	0	0	0	0	-2,311	0	0	-2,311	0	-594	0	-594	-2,905
Other changes	0	24	2,352	2,376	0	-900	0	1,476	0	-21	0	-21	1,455
Revaluation reserve minority interests	0	0	0	0	0	0	0	0	0	0	0	0	0
Changes in the basis of consolidation	0	0	0	0	0	0	0	0	0	0	0	0	0
Consolidated net income for the financial year	0	0	0	0	0	0	46,199	46,199	0	0	4,296	4,296	50,495
At 31.12.2018	180,000	112,173	86,209	198,382	-7,144	132,883	46,199	550,320	3,671	-81	4,296	7,886	558,206

Independent auditor's report

To Messe Frankfurt GmbH, Frankfurt am Main

Audit opinions

We have audited the annual financial statements of Messe Frankfurt GmbH and its subsidiaries (the group) – which comprise the consolidated balance sheet as at 31 December 2018, the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the financial year from 1 January 2018 to 31 December 2018, and the notes to the consolidated financial statements, including the description of the accounting and measurement policies. In addition, we have audited the group management report of Messe Frankfurt GmbH for the financial year from 1 January 2018 to 31 December 2018. In accordance with the German legal requirements, we have not audited the content of the corporate governance statement pursuant to Section 289f (4) HGB [Handelsgesetzbuch – German Commercial Code] (information on the percentage of women).

In our opinion, on the basis of the knowledge obtained in the audit

- the accompanying financial statements comply, in all material respects, with the applicable provisions of German commercial law and present a true and fair view of the group's net assets and financial position as of 31 December 2018 and its results of operations for the financial year from 1 January 2018 to 31 December 2018 in accordance with German generally accepted accounting principles and
- the accompanying group management report as a whole provides an appropriate view of the group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of the parts of the group management report specified in the Appendix.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the audit opinions

We conducted our audit of the consolidated financial statements and the group management report in accordance with Section 317 HGB in compliance with German generally accepted standards for financial statement audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report" section of our auditor's report. We are independent of the group in accordance with German commercial and professional regulations and have fulfilled our other German professional responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the group management report.

Other information

The members of the Executive Board are responsible for other information (Annual Report of Messe Frankfurt GmbH).

Our opinions on the consolidated financial statements and group management report do not cover the other information, and we therefore do not provide an opinion or any other form of audit conclusion on these matters.

In connection with our audit, our responsibility is to read the other information and to assess whether the other information

- is inconsistent in any material respect with the consolidated financial statements, group management report or our knowledge obtained in the audit, or
- otherwise appears to be misstated in any material respect.

Responsibilities of the Executive Board and the Supervisory Board for the consolidated financial statements and the group management report

The members of the Executive Board are responsible for preparing consolidated financial statements that comply in all material respects with the applicable provisions of German commercial law and present a true and fair view of the group's net assets, financial position and results of operations in accordance with German generally accepted accounting principles. In addition, the members of the Executive Board are responsible for such internal controls as they deem necessary in accordance with German generally accepted accounting principles to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the members of the Executive Board are responsible for assessing the group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the members of the Executive Board are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. In addition, the members of the Executive Board are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that complies with the applicable German legal requirements, and to provide sufficient appropriate evidence for the assertions in the group management report. The Supervisory Board is responsible for overseeing the group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's responsibility for the audit of the consolidated financial statements and of the group management report

Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue

an auditor's report that includes our opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and in compliance with German generally accepted standards for financial statement audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

As part of the audit, we exercise professional judgement and maintain professional scepticism. We also

- identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- evaluate the appropriateness of accounting policies used by the members of the Executive Board and the reasonableness of accounting estimates and related disclosures made by the members of the Executive Board.
- conclude on the appropriateness of the Executive Board members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to be able to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events such that the consolidated financial statements, in compliance with German generally accepted accounting principles, provide a true and fair view of the group's net assets, financial position and results of operations.
- obtain sufficient appropriate audit evidence regarding the financial accounting information of the businesses or business activities within the group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.
- evaluate whether the group management report is consistent with the consolidated financial statements, complies with the German legal requirements and provides a suitable view of the group's position.
- conduct audit procedures on the forward-looking disclosures made by the members of the Executive Board in the group management report. Based on sufficient and appropriate audit evidence, we evaluate, in particular, the material assumptions used by the members of the Executive Board as a basis for the prospective information, and evaluate the appropriate derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information or on the underlying assumptions. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with the Supervisory Board, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal control system that we identify during our audit.

Frankfurt am Main, 9 May 2019
 Mazars GmbH & Co. KG
 Wirtschaftsprüfungsgesellschaft
 Steuerberatungsgesellschaft (Auditors)

Jörg Maas	Marco Bergmann
Public Auditor	Public Auditor

Report of the Supervisory Board

The Supervisory Board of Messe Frankfurt GmbH regularly informed itself of the development and position of the company through written and oral reports furnished by the Executive Board and satisfied itself of the due and proper conduct of business by the Executive Board.

Meetings of the Supervisory Board

The Supervisory Board convened two ordinary meetings in the 2018 financial year.

Activities of the Supervisory Board

The Supervisory Board was concerned with the current business development and corporate planning. Discussions and resolutions focused on the company strategy, current national and international business developments and the economic position of the company.

In addition to regular reporting, the following issues were the subject of detailed discussions and – where necessary – appropriate resolutions were passed:

- The Supervisory Board received detailed reports on the status of the implementation of the measures taken relating to the financial accounting irregularities at the Dubai branch office of Messe Frankfurt Middle East GmbH in 2017.
- The Supervisory Board informed itself of the status of the project development (development and sale of part of a plot) of land owned by Messe Frankfurt on Europa-Allee (Plot 42 a), Frankfurt am Main, and tabled its recommendation to the shareholders.
- In addition, the Supervisory Board approved the acquisition by Messe Frankfurt Exhibition GmbH of 100 percent of the assets of Clean Show, USA, as well as the acquisition of 100 percent of the assets of the Stationery Fair and Gartex, India, by Messe Frankfurt Trade Fairs India.
- The Supervisory Board approved the acquisition of the remaining 22 percent of the shares in Messe Frankfurt South Africa (Pty) Ltd. by Messe Frankfurt Exhibition GmbH, and tabled its recommendation to the shareholders.
- Furthermore, the Supervisory Board dealt with the Act on the Equal Participation of Women and Men in Executive Positions in the Private and Public Service and with the application of the principles under Section 4 of the Hessian Equal Rights Act as it applies to human resources management (Section 2(3) HGIG).
- The Supervisory Board recommended that the shareholders approve the closure of Messe Frankfurt Feiras Ltda., Brazil, in 2019.
- In addition, the Supervisory Board approved the acquisition by Messe Frankfurt Exhibition GmbH of a non-controlling interest in an EDI (Electronic Data Interchange) provider and tabled its recommendation to the shareholders.

Work of the committees

The work of the Supervisory Board was facilitated by the preparation and support of the committees. The committee chairpersons reported regularly to the Supervisory Board on the work of the respective committees. The committees make recommendations to the Supervisory Board on resolutions relating to decisions of significant financial or strategic relevance. The Investment Committee held two meetings during fiscal 2018. At its meetings, it gave detailed attention to

business transactions and the economic situation, as well as to the annual financial statements of the subsidiaries and investments in associates of Messe Frankfurt Exhibition GmbH. Furthermore, the aforementioned acquisitions of the assets of the Clean Show, Stationery Fair and Gartex, the acquisition of the remaining shares in Messe Frankfurt South Africa, the closure of Messe Frankfurt Feiras Ltda. and the acquisition of shares in the EDI provider were discussed.

The Financial and Audit Committee met for two regular meetings during the 2018 financial year. At its meetings, it discussed the business transactions and economic development of Messe Frankfurt Venue GmbH and its subsidiaries, Messe Frankfurt Exhibition GmbH, Messe Frankfurt GmbH and the Messe Frankfurt Group. With respect to the aforementioned companies, the Finance and Audit Committee also examined in detail the annual financial statements and the consolidated financial statements, as well as the management reports of the individual entities and the group. Furthermore, the Committee also gave consideration to the aforementioned project development relating to Plot 42 a.

The Building Committee convened once in the 2018 financial year. At its meeting, it focused on current building projects relating to the development of the exhibition grounds, in particular the construction of the new Hall12 and the development of the Plot 42 a site.

Conflicts of interest

The Supervisory Board is not aware of any conflicts of interest on the part of individual members of the Supervisory Board during the financial year.

Single-entity annual financial statements and consolidated financial statements

The single-entity annual financial statements of Messe Frankfurt GmbH and the consolidated financial statements for the year ended 31 December 2018 have been examined and issued an unqualified audit opinion by Mazars GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft. The audit contract was awarded by the Chairman of the Supervisory Board in accordance with the resolution passed by the shareholders, the City of Frankfurt am Main and the State of Hesse, on 21 August 2018.

The single-entity and consolidated annual financial statements and management reports have been prepared in accordance with the provisions set forth in the German Commercial Code (HGB) applicable to large corporations limited by shares and examined by the auditor. The Financial and Audit Committee discussed the single-entity financial statements of Messe Frankfurt GmbH and the consolidated financial statements, the management reports as well as the audit reports at its meeting of 17 June 2019 in the presence of the auditors and recommended that the Supervisory Board approve the financial statements. At the meeting of 26 June 2019, the Chairperson of the Financial and Audit Committee commented on the recommendation and submitted its proposal to the Supervisory Board, which for its part extensively reviewed the single-entity and consolidated financial statements and management reports at its financials meeting on 26 June 2019 in the presence of the auditor, who reported on the key audit findings.

Furthermore, the Financial and Audit Committee and the Supervisory Board read and took note of the reports of the auditor, Mazars GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, on its review of the appropriateness of the management and the economic situation pursuant to Section 53 HGrG (German Law on Budgetary Principles) for the 2018 reporting period. The auditor concluded that the Executive Board has established a risk management system according to the statutory provisions which allows developments that could place the continued development of the company at risk to be identified at an early stage.

Publishing details

As recommended by the Financial and Audit Committee, the Supervisory Board has approved the findings of the audit of the financial statements and recommended that the General Meeting adopt the single-entity annual financial statements of Messe Frankfurt GmbH and the consolidated financial statements for the year ended 31 December 2018 and approve and accept the report of the Executive Board on the position of Messe Frankfurt GmbH and the group for the 2018 financial year.

Personnel matters

Dr Jens Thiemer and Professor Dr Viessmann resigned from the Supervisory Board in July 2018 and in December 2018 respectively. The Chairman would like to thank Dr Thiemer and Professor Viessmann for their efforts on behalf of the company.

The Supervisory Board would like to thank the Executive Board for the trust-based cooperation and all employees for the good work done and their contribution to the successful 2018 financial year.

Frankfurt am Main, 26 June 2019

For the Supervisory Board

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Chairman

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Responsibility for content in accordance with the German press laws

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