

Remarks by

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Messe Frankfurt Executive Board

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Check against delivery

Wolfgang Marzin

Messe Frankfurt is profitable, successful and efficient. In the first half of financial year 2019, the Group recorded further qualitative, quantitative and international growth. We are the leaders in many markets, not least because we are constantly evolving, because we grow sustainably and because we invest in our future.

Our sales in the past financial year were in the region of €718 million – a good seven percent up on the previous year. This means that we are beating the current sector trend which, according to AUMA figures for 2017 to 2018, points to provisional average sales growth of around five percent for the German trade fair industry as a whole.

Allow me to take a look at the Annual Report published today – you have a copy in front of you – or, more specifically, to take a look at the final Group figures for 2018. We were able to further increase earnings and to make a slight upward adjustment to the provisional sales forecast from last December. Consolidated annual net income is more than €50 million; this is equivalent to a year-on-year increase of around 25 percent or roughly ten million euros.

Consolidated sales of approximately €424 million were generated in Germany (*2017: approx. €395 million*), making up 59 percent of Group sales. This is roughly €29 million more than in the previous year. Outside Germany, consolidated sales were more than €294 million; this accounts for 41 percent of Group sales (*2017: approx. €274 million*). Operating earnings are reflected in the figure for EBITDA (earnings before interest, taxes, depreciation and amortisation), which was approximately €132 million in 2018 following €108 million in the previous year.

With its commercial success, Messe Frankfurt is retaining its position in third place in a very challenging and international competitive environment, behind Informa and Reed. At the same time, it is also well ahead of all German competitors and all worldwide trade fair companies that have their own exhibition infrastructure.

In terms of exhibitor count and exhibition space sold, too, Messe Frankfurt outperforms all German competitors with its market share of international trade fairs in Germany as a whole.

We are in competition in many markets – not only international, but also German trade fair companies are expanding their portfolios worldwide. The dynamic acquisition activities among private and publicly listed international organisers shows that trade fairs offer attractive returns on investment. In the light of acquisition activities by major trade fair companies, Messe Frankfurt has the distinct advantage of having been active globally for more than three decades. With our brands and thematic areas of focus, we are firmly established in the successful business regions and in markets that are of strategic importance for us.

Internationalisation is and will remain a driving force in Messe Frankfurt's strategic orientation – both at our established events and in implementing new events through acquisitions and cooperative measures. At our Frankfurt base, the very high international component at our trade fairs – and, in turn, an extremely high level of market penetration – offers our customers maximum benefits on both the supply and demand front. For instance at IFFA last May, where seven out of ten visitors came from outside Germany. In this way, we are zoning in on the needs of our export-led industry sectors.

In the first six months of financial year 2019, our trade fairs worldwide recorded growth. We have increased the attractiveness of our infrastructure for customers at our Frankfurt base, not least through the integration of Hall 12 and the optimised restructuring of events that this allowed. Not to mention the exceptionally high quality of trade buyers in attendance. Key parameters for the success of our events are the high levels of customer satisfaction across all industry sectors. At our Frankfurt base, for example, ISH, IFFA and Heimtextil recorded satisfaction levels of over 90 percent among exhibitors and visitors alike.

The acceptance of trade fairs among business players is as high as ever. The relevance of trade fairs can be seen not least from the fact that global challenges

such as globalisation, digitisation, urbanisation and ecologisation are being actively discussed by industry sector experts.

Trade fairs and exhibitions have always been in competition with other marketing and sales channels. According to AUMA – the Association of the German Trade Fair Industry – the relevance of these in the marketing mix is on the rise. Over a quarter of companies are willing to invest more in trade fair activities in Germany and abroad. Personal interaction is at the heart of successful business models and is set to remain so – even in the 21st century.

Strategically speaking, Messe Frankfurt is well positioned for the future. Every year, we achieve a healthy return, we have scope for financing our own investments, and we will make use of our growth opportunities accordingly. On 31 December 2018, a total of 2,519 people were employed by the Messe Frankfurt Group worldwide. On behalf of the entire Executive Board, I would like to take this opportunity to thank all of our colleagues for their reliability, hard work and commitment.

Detlef Braun

The extremely successful Heimtextil was an ideal way to kick off the 2019 event season, and our other themed trade fairs have since followed suit. Flagship events have crucial added value for specialist retailers in particular – they provide a wealth of inspiration and show clear perspectives in an ambiguous world. With a total of 507 events worldwide in 2018, more events were held under the Messe Frankfurt umbrella than in any year previously. Almost five million people came together at the Group's interaction formats. As well as having boundless stamina whenever required, we are willing to embrace the necessary conceptual and experimental change, in direct dialogue with our industry sectors. There were times when it was actually discussed here whether investing in textiles was still worthwhile. The paradigm shift through the relocation of the textile industry to Asia was too great. We have invested counter-cyclically in quality and expansion, with the right content and with the necessary tenacity – and now Messe Frankfurt is the clear international market leader in the textile and fashion event sector, covering the entire value chain.

With no fewer than four flagship events, our Frankfurt base has an important role within the global apparel and textile industry. Heimtextil, a genuine turnaround story, has been going from strength to strength again for ten years now. In January, we recorded yet another increase in exhibitor count. With a new record among exhibitors and the highest international component to date among visitors, Techtexil and Texprocess demonstrated an extremely high level of professionalism and innovation when they were held in May of this year. The fourth event – Texcare, flagship event for the textile cleaning sectors – is to be held again in 2020.

Digitisation and sustainability are hugely important topics of our time and are instrumental in driving our events. For example, at Techtexil and Texprocess, we are now talking about Impact 4.0, i.e. visible changes and developments arising from Industry 4.0. Sustainability is a key issue both at our consumer goods fairs and at our technical flagship and textile events.

Strategically speaking, Messe Frankfurt backed the right horse early on, focusing on sustainability in fashion. With Neonyt, we have the world's largest sustainability trade fair in the fashion sector in our portfolio. A unique format, this fashion event points the way clearly and demonstratively to a sustainable future for fashion. The international conference format Fashionsustain demonstrates to highly impressive effect how applied innovations can be created through a combination of new technologies, sustainability, working closely together and initiating cooperative measures.

We are adapting this conference format within our Texpertise network.

As we speak, preparations are being made for the first ever Fashionsustain conference during Texworld USA in New York. A Fashionsustain is also being planned for Intertextile Shanghai Apparel Fabrics. We are very much looking forward to seeing how these innovative topics will be received in New York in July and in Shanghai in September.

As regards the strategic orientation of Musikmesse and Prolight + Sound, the main focus was on stepping up synergies and increasing the international component – in line with industry wishes, these two events were held at the same time again last March. In light of a pervasive digital transformation in the sector, the majority of our

international exhibitors expressed a wish for a professional platform to interact with other specialists. Both trade fairs have taken this increased complexity into account by providing a wide-ranging programme, complete with knowledge transfer and networking. We had an attractive Musikmesse festival that is expanding more and more into the city with new partners and cooperative measures.

Taking part in a trade fair is always an individual business decision and one that depends on many factors. Messe Frankfurt cannot make this decision for companies – all we can do is offer them the best possible conditions. Given the current structural changes in the world of retailing, the kind of increased exhibitor and visitor counts that we have seen at Ambiente and at Paperworld, Creativeworld and Christmasworld are hugely impressive. They are a testament to the high quality of our events.

Let us take a short look at our global business: With a total of 17 new events in 2019 and 2020, Messe Frankfurt is very active in its key target regions. These include for example Aero South Africa, a cooperation with Messe Friedrichshafen that will be making its debut next week in Pretoria, from 4 to 6 July. This international aviation trade fair rounds off our South African portfolio which, together with the largest automotive and boat trade fair in South Africa, now covers all three elements. Interior Lifestyle Middle East is to be launched in Dubai in 2020, as are Gartex Texprocess India and Child Edu & Care Japan – the country's first and only trade fair to be devoted to products and services for childcare and child education. Also making their debut this year under the Messe Frankfurt umbrella are the Clean Show in New Orleans and Jet Expo in Paris.

Uwe Behm

On these occasions, I usually speak about the development of infrastructure at our Frankfurt base, but I would like to start today with a brief look at our Mesago subsidiary in Stuttgart. Mesago set a new record in financial year 2018 with approximately €40 million in sales. Since 2002, the trade fair company has been part of the Messe Frankfurt Group, since when the company and its portfolio have developed exceptionally well. Mesago now organises no fewer than sixteen events, including the highly successful SPS and Formnext trade fairs. The Additive

Manufacturing industry sector has been enjoying double-digit growth for decades and has now reached a market volume of around ten billion euros worldwide. Now that Formnext in Frankfurt has firmly established itself as the flagship event in the industry sector, the first offshoot in China will be held in 2020. Together with PM South China – a trade fair for additive manufacturing and for the powder and material industry – Formnext South China will be making its debut in Shenzhen from 9 to 11 September. The area around Shenzhen, known as the Greater Bay Area, is regarded as the country's technological powerhouse. At the flagship event in Frankfurt, it is already evident that the fifth event in November is enjoying further growth as well.

Now celebrating its 30th anniversary, SPS – the international stage for the industrial automation sector – remains the leading event in its sector, continuing its impressive success story with an ever-growing exhibitor and visitor count. Its brand events in China, Dubai, India and Italy are no less successful. SPS Italia in Parma has tripled in size in the course of its nine-year existence and is no longer just a copy of its former parent trade fair in Nuremberg. Two new areas – Robotics and Mechanical Automation – have been integrated in Parma, while the programme for our customers is being expanded through accompanying formats such as round table discussions, congresses, etc., throughout the entire year. When it was held last May, SPS Italia played host to more than 800 exhibitors as well as attracting over 40,000 visitors, almost 20 percent more than in the previous year.

Frankfurt is an exceptional congress centre. This can be seen not least from the impressive heights scaled in the latest Frankfurt congress and conference statistics for 2018, published by Frankfurter Tourismus + Congress GmbH. For Messe Frankfurt, the congress and conference business plays an important role in the development of business at its Frankfurt base. The highly flexible exhibition grounds, combined with two admirably accessible, first-class congress buildings, have attracted more and more events to Messe Frankfurt in recent years. Of the 273 guest events held there in financial year 2018, more than half came from the congress and conference sector – namely 175 events (*2017: 155*) with some 151,000 participants (*2017: approx. 125,700*). 2019 is set to be another highly dynamic congress year. The first half of 2019 not only saw the return of many regular events but also a number of new congresses making their debut. The excellent reputation that

Frankfurt and its exhibition grounds have as an international congress location – particularly for medical congresses – was evident for example from the scientific world congress EBMT (European Society for Blood and Marrow Transplantation), the largest event of its kind for stem cell therapy. With some 6,000 participants, it booked out our Congress Center, Forum and Hall 5 back in March. We are looking forward to hosting two further major medical congresses in the coming year: EULAR (European League Against Rheumatism), one of the largest medical congresses, will be held between 3 and 6 June 2020, with the 25th Congress of the EHA (European Hematology Association) following shortly afterwards between 11 and 14 June. Odd-numbered years are stronger guest event years at our Frankfurt base. The rotation of events this year is such that three major guest events will be dominating proceedings in the second half of the year: IAA Cars, the Frankfurt Book Fair and UBM event CPhI. The Microsoft Business Summit congress, which changes its venue every two years, is to be held in Hall 12 between 22 and 23 October. With InterDive, a new guest fair will be coming to Frankfurt between 15 and 29 January 2020. InterDive is a trade fair in Friedrichshafen that is now getting an additional offshoot in Frankfurt.

Let us now turn to the exhibition grounds: Since 1997, Messe Frankfurt has been successfully implementing its ambitious master plan to modernise its exhibition grounds. We are now embarking on the final major chapters. At present, we are in the middle of the final renovation measures for Hall 6. After the reconstruction and upgrading of the Festhalle – for which we invested an estimated €30 million in recent years – this is one of the largest maintenance projects to be undertaken by our company. We will be investing over €40 million in building technology for Hall 6. This is the final and most extensive step and will complete the renovation of Hall 6 after around ten years. It is the first time that we have taken it upon ourselves to renovate a hall of this size. The technical modernisation of this functional hall – which is now 50 years old – is in line with Messe Frankfurt's sustainable business practices. The building's energy consumption is 30 percent below legal requirements. Accordingly, the project is subsidised according to KfW Standard 70. The aim of Messe Frankfurt's active energy management is for all new and renovated buildings to feature a forward-looking, energy-optimised design and efficient operation. Having rendered energy usage as efficient and resource-friendly as possible, the logical next step is for us to operate our entire exhibition grounds exclusively with green power

from 2020 onwards. Once the Frankfurt Book Fair has closed its doors, we will begin work on Hall 5 and the Congress Center.

I would like to conclude by talking about a few new developments on an interesting subject: What does Messe Frankfurt actually do with its valuable data? Back in 2017, Messe Frankfurt had already developed two new products that have now been marketed initially over an assessable time period, recording very good early results. In a process termed “product group matching”, we match trade visitors who have registered online with suitable exhibitor products and/or services based on exhibitors’ registration data and corresponding to the areas of interest specified by visitors. This service is paid for by exhibitors who, after all, benefit from it. And with our “audience marketing” service, we are in a position to generate visitor traffic information for our event pages – an extremely interesting proposition for industry. This B2B data is of extremely high quality, with virtually no scatter loss. These two services have already generated six-figure sales revenue over the past year.

Wolfgang Marzin

Allow me to sum everything up briefly: Messe Frankfurt generated sales of around €718 million in financial year 2018. Consolidated annual net income is more than €50 million – this is equivalent to a year-on-year increase of around 25 percent. In the first half of financial year 2019, our Group took its strategic growth course to the next level and solidified its position in Germany and internationally. Our events have grown worldwide and have become even more international. We have further scope for financing our own investments, and we will make use of our growth opportunities accordingly – both with established events and through acquisitions and cooperative measures. With a total of 17 events currently scheduled to make their debut in 2019/2020, we are expanding our international expertise. Ultimately, however, it will depend on the international economic environment how Messe Frankfurt will achieve, step by step, the sustainable goals that it has set for itself.