

Press Conference by the NürnbergMesse Group

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Statement by Dr Roland Fleck, CEO NürnbergMesse Group
Statement by Peter Ottmann, CEO NürnbergMesse Group

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Ladies and Gentlemen,

The slogan you see in those big letters behind me – “Connecting People” – is part of our company’s programme for the future, as well as the title of this year’s Annual Report. To tell the truth, we had already decided on this title back in December 2019, even before the coronavirus crisis had broken out. At that point, none of us could have imagined how much these words would come to mean to us in 2020: protecting our own team members during the crisis – and yet keeping them connected as they work from home. But also: stepping out in new directions with our exhibitors and customers – and getting them connected on event platforms not just in the analogue world, but in hybrid or digital forms.

Today’s Annual Press Conference too shows how persistently we’ve adhered to that theme. For the first time, we’re holding this event in hybrid form – by meeting in person here in the Brussels Room at the Nuremberg exhibition centre, and also in a digital live stream. So a warm welcome to you all, and we’re very glad to have you here – whether in person or at your video screen. And that goes not only for the representatives of the media, but especially for our employees.

When we sum up the 2019 trade show year now, it feels like something out of a time warp. Because there’s no other way to put it – 2019 was a simply outstanding trade show year for the NürnbergMesse Group.

Now that we have all the figures, we can even proudly say that 2019 was the most successful odd-numbered year in our history – in terms of both sales performance and profits.

Let me briefly sum up the main financial figures – you can then find the details in our new Annual Report:

- 285.7 million euros in sales (2018: 315.1 million euros). That was an increase of 80.2 million euros, or 39%, from the 2017 fiscal year, which was comparable in terms of the event cycle (205.5 million euros).
- The NürnbergMesse Group's operating profit for 2019 was 8.4 million euros (2018: EUR 43.7 million; 2017: EUR –4.2 million)
- Earnings before taxes were 7.6 million euros (2018: EUR 39.4 million; 2017: EUR –5.6 million) and the profit was 2.3 million euros (2018: EUR 28 million; 2017: EUR –7.4 million)

In more detail, this sales record for an odd-numbered year breaks down as follows among our business lines:

- Own and partner events (in Germany): EUR 97.9 million,
- Guest events and the NürnbergConvention Center: EUR 68.3 million,
- MesseService (including Holtmann GmbH & Co. KG and Lehrieder GmbH & Co. KG): EUR 79.4 million and
- International: EUR 40.1 million.

The 2019 key figures for the NürnbergMesse Group's 176 events at our home venue and around the world were equally impressive:

- 35,439 exhibitors (2017: 27,829) made 2019 the most exhibitor-rich odd-numbered year in our history – and it was even on a par with the figure from our biggest year ever, 2018 (35,462)!
- Relative to the comparable year, visitor attendance was up substantially to about 1.4 million (2017: 1,191,907; 2018: 1,547,212)
- In total net floor space – for the first time in an odd-numbered year – we surpassed the 1 million milestone, at 1,102,890 square metres (2017: 826,579 m²; 2018: 1,210,564 m²).
- The appeal and relevance of our events for a global public is evident from the figures for exhibitors and visitors from other countries. At 13,712 exhibitors from other countries (2017: 11,410) and 225,118 visitors (2017: 190,125) we again saw a very pleasing gain in both of these categories.

Thus in 2019, NürnbergMesse reconfirmed its uptrend in the relevant key event figures for international and national trade shows in Nuremberg. You can also tell that from three other very solid figures we achieved:

- a 3% gain in visitors,
- a 4% gain in exhibitor booth space and
- a 5% gain in exhibitors.

Thus NürnbergMesse grew significantly more dynamically than the competition for the sixth year in a row! – as you can see by comparing our KPIs with the AUMA industry organisation's equivalent figure for the German trade show market as a whole:

- Visitors: down 2%
- Exhibitor space: up 1%
- Exhibitors: up 1%

And with regard to the one-two move that Peter and I have been applying for many years now, four out of the eight years in which we've served as joint CEOs have closed out in the black! And we've accumulated a profit carry-forward of 37 million euros for NürnbergMesse GmbH.

We were also very pleased during the past fiscal year at the successful Integration of Forum S.A. into the NürnbergMesse Group. The acquisition of Greece's largest trade show company, with more than 60 staff members, 8 established events and a total of some 17 million euros in sales has taken us another major step forward in our internationalisation strategy.

And at this point we'd like to extend our warm thanks to FORUM founder Nikos Choudalakis, Vice President Thanassis Gialouris and Commercial Director Thanos Panagoulas, as well as the entire team in Athens, for the trust and confidence they've placed in us. It was only their strong commitment that enabled us to integrate the NürnbergMesse Group's biggest subsidiary to date so quickly and smoothly into the international NürnbergMesse family.

We especially also made advances in growth at the global level in 2019. Our worldwide portfolio comprised a total of 14 event premieres, including trade shows in Brazil (ABRAFATI, EXPO REVISTIR, Pet Experience), in India (DELHIWOOD, MUMBAIWOOD), in Greece (ARTOZA, FOOD EXPO, XENIA, and more) and in China (PAK-iD). Each one of these events has strengthened our international profile, and thus contributes toward our growth.

Well, that was a different time – a glance in the rear-view mirror. And of course it all seems almost surreal now when we look at the consequences of the coronavirus for today's trade show business.

In the second part of this press conference, Peter Ottmann will discuss the details of how the coronavirus pandemic has affected fiscal 2020. But since for the moment we're talking about "facts, figures and data", I'd like right now to tell you about what business management steps

we have taken this year to handle the crisis. Our primary goal was, and still is, to preserve the company's liquidity by cutting costs and saving on expenses. We're achieving this with essentially four steps:

First: Systematic cost-cutting on all possible items.

Second: Short-scheduling for employees. In March 2020, NürnbergMesse was the first trade show company anywhere in Germany to introduce shortened schedules for our workforce, with permission from the Federal Employment Agency. The fact that we could take this step so quickly and efficiently – and incidentally, for the first time in our history – was first and foremost thanks to our smooth cooperation with our human resources department and our Employee Council. At present, in July, 50 per cent of our employees are making an immensely important contribution to the company by working shorter hours.

Third: In financial terms, we gained the proverbial “breathing room” by postponing major investments. We gained the greatest financial leeway by putting off the start of construction on our planned “NCC Süd”/“The new Süd” until 2024 or 2025.

We will certainly hold firm to our “The new Süd” concept, because we're sure that a fourth conference centre will offer genuine added value for our customers and the trade show business. The same, incidentally, also goes for our new employee building – The Key – where we are also postponing construction.

Fourth: We mustn't fail to mention the many ideas and suggestions from within our team. Our staff has been investing a great deal of creativity and passion to keep “their” NürnbergMesse in good shape despite the Covid crisis. Various departments, for example, have organised their savings arrangements themselves. And the “NM Trade-off”, in which the employees themselves coordinate working from home and at the office, is running splendidly. This kind of dedication and team spirit is genuinely inspiring, in the truest sense of the word – and makes us proud as managers and as a company.

All in all, we're certain that these various measures will guide NürnbergMesse safely out of the crisis.

Of course here we are also benefiting from the good business we did over the past “golden decade” for trade shows, and have the resulting reserves to show for it. Without for a moment ignoring the awful toll this pandemic has taken in human suffering, we can quite confidently say that as terrible as this crisis is, from a purely commercial viewpoint it could not have struck at a better time for us.

At the moment we cannot put an exact figure on what business impact the coronavirus lockdown will have on our fiscal 2020. But ever since the Covid crisis began, it has been

clear that as a consequence of the virus, we will certainly not achieve our projected sales target of 350 million euros for fiscal 2020 as a whole.

It is too early at the moment, of course, for any accurate sales and profit outlook. The two parameters that determine our sales and profits under the various scenarios are

1. the actual epidemiological course of the virus, and
2. the aftereffects of this evolution in people's minds, especially those of our exhibitors and visitors.

Depending on which scenario – or mixed version of scenarios – actually becomes a reality by year's end, we will fall short of up to 75% from the sales volume we had originally aimed for. The forecast is imprecise because right now we do not know how our events will perform in the second half. The crucial factor will be how our customers in our various industries respond to the restart of the trade show business in China last week, and in Bavaria from this September onward. Nevertheless, at present we project year 2020 sales of around EUR 100 million in 2020.

To ensure that our resumption of business results in successful trade events, we've been working closely over the past few months on various future scenarios for trade shows, and developing new concepts – both for the phase of trade shows while the coronavirus crisis continues and for the time afterwards:

Safety and hygiene measures will be fundamental for any restart. Here our experts have worked with the authorities to develop concepts that will make professional trade shows at the Exhibition Centre possible again. The result was a three-level model for protection and hygiene:

1. A regulation from the Free State of Bavaria for trade shows within the state.
2. A protection and hygiene concept for Nuremberg as a trade show venue.
3. An individualised concept for each of our trade shows.

With individual adaptations to each event and its industry, the model includes requiring masks and social distancing, but also additional factors like crowd management, meaning the way visitors are spaced and guided on the premises, as well as no on-site ticket sales, contactless payment systems, and no scheduling of evening events.

We can already say in general that our safety precautions at the Exhibition Centre were of very high quality even before the coronavirus emerged.

Customer safety and service have always been a top priority for us; as the year began, that had already led us to award new contracts for security services at the Exhibition Centre. The competition for the contract was won by ESS - Erlanger Sicherheitservice GmbH. Another company, Engelhardt & Co., will continue to manage the loading dock, and human resources services will be provided by Lorenz Personal, of Nuremberg.

One reason we were able to respond so quickly and decisively to the crisis was our new “Orga+” organisational structure, which we developed from scratch in 2019. This was something we undertook on our own initiative – with no prompting from either the coronavirus crisis or economic constraints. Its core features are a simplified, and thus faster, organisational structure, forming product families to generate synergy for our own and partner events, and a carefully focused creation and expansion of two units: Corporate & Digital Development, and Services. We launched our new organisational structure in January 2020, and thus our company was in a position to address the coronavirus crisis promptly and in the best possible way.

Here again you can see that at this year’s NürnbergMesse Annual Press Conference, there is clear reason for a mix of the happy and the sad. And we certainly hope that this situation will be only temporary.

Statement by Peter Ottmann, CEO NürnbergMesse Group

Thanks very much, Roland. When we gathered for the press conference this past January, the strong financial and event figures you presented just now offered the perfect basis for a successful new events year in 2020. But although we were able to hold the Spielwarenmesse in January and BIOFACH in February as “normal” trade shows, by the end of February the spread of the coronavirus was changing the situation for embedded world slowly – but distinctly. True, we were still able to put on this trade fair for embedded systems with professional aplomb, despite cancellations by significant exhibitors and visitors – but it would be the last trade show in Nuremberg before the big shutdown.

You all know what came next. In terms of the events business, it meant that worldwide to date, we have had to postpone or cancel 41 events, 23 of them in Nuremberg alone.

Instead of halls full of trade show attendees, NürnbergMesse suddenly became a warehouse for the city and the metropolitan region – now all at once there was a demand for adequate space to store protective masks and disinfectant. And of course we had that available.

The best aspect of this terrible crisis is this: we have stood firmly together as a team, and rolled up our sleeves to work together. Our analysis of the crisis has singled out two necessities: First, increased targets for savings – as Roland has already described. But second, and at the same time, an increased effort to make the company fit for the future. You might even say that the coronavirus pandemic has led us to expand on our time-tested range of in-person trade events even faster than we had planned, by adding new hybrid and digital platforms along with new services – and we’ll continue to do this more and more in the

future. Our new Corporate & Digital Development business segment, formed at the beginning of the year, got off to a timely start in advancing the digitalisation of our trade event formats, in close cooperation with our event partners, exhibitors and visitors.

As digital extensions of our in-person trade events, these platforms offer genuine added value for customers and guests who cannot be on site for trade shows because of the present situation. But they also create new opportunities for each industry to make contacts, exchange ideas, and present products – which will continue even after the crisis passes, and especially before and after each run of a given trade show. Our aim is to create an ideal pairing of “online” with “on site”, and thus offer added value for our customers.

The kick-off came last week with our virtual MedtecLIVE. For three days, the medical technology community met on the Web for the first time. Whether classic suppliers, research groups, start-ups or manufacturers, all involved in the European medical technology industry met and dialogued on a shared online platform. The verdict: fast interaction, good results, satisfied customers!

We have also decided not to hold GaLaBau and it-sa this fall in their usual form. For GaLaBau, this September we will offer the industry an attractive platform where they can hold various supporting programme components relating to GaLaBau, professional forums, and also product presentations on site at the Exhibition Centre, while also having access to them virtually.

It's important to keep in mind that GaLaBau is an experience-based trade show. It especially relies on live demonstrations, contests, and the chance to touch and try out machinery, devices and materials. So in close coordination with the National Gardening, Landscaping, and Athletic Field Construction Association (BGL), we have decided to develop a new format.

it-sa 365 will go live online on October 6, and will then be offering innovative dialogue options all year round, to get the IT security industry networked in the best possible way. Unlike GaLaBau, it-sa is a true working trade show. Any attempt to hold such a dialogue-oriented event, with the associated services and applications, directly on video screens or mobile computers would have been seriously hampered by the obligation to maintain social distancing.

So we are now combining the originally planned components of the surrounding programme and programme of forums for it sa in virtual form under a single umbrella. Thus we can offer our customers the latest professional information about all aspects of IT security, all year round. The focus here will be on interactive dialogue formats, product information, and content contributed by IT security providers, as well as news from the world of IT security.

it-sa 365 is thus a logical extension of it-sa, and establishes a virtual link between exhibitors and visitors.

It's important to us to take a partnership-based approach in this connection. We at NürnbergMesse take our cues from the wishes of the various industries we serve. At the same time, despite the current challenges of the coronavirus pandemic, we are systematically putting the responses and results from our various customer surveys to work in new trade show formats.

In terms of digitalisation at NürnbergMesse, we view this crisis as an opportunity. Important steps that we had already initiated before the pandemic took hold will now be addressed even faster and more resolutely, so we can do what we do best: connecting people not just in person, but digitally as well.

We're also pursuing new options in the promising future field of hydrogen. The HYDROGEN DIALOGUE event on 18 November here at the Exhibition Centre will not only get the European hydrogen community networked, but also support the state of Bavaria's new hydrogen strategy. This new format is intended to become the central meeting point for experts from government, business and science – and ultimately to make Nuremberg the hydrogen capital. We're assisted as partners by the Bavarian hydrogen centre known as Zentrum Wasserstoff.Bayern (H2.B), and by our patron, the Bavarian State Ministry for Economic Affairs, Regional Development and Energy.

NürnbergMesse has supported Zentrum Wasserstoff.Bayern, which is headquartered in Nuremberg, from the very start. We also plan to apply this forward-looking technology ourselves at the Exhibition Centre in the future. I hope you'll understand that it's early days yet to provide details. But one thing is clear. Hydrogen, as an energy source, is the key to managing climate change and has great potential for industry – not just in the Nuremberg metropolitan region, but in Germany and Europe in general.

The debut of HYDROGEN DIALOGUE on 18 November will be held jointly with the NUEdialog science conference. NUEdialog is an established event of the Department of Business Administration and Social Sciences at Friedrich Alexander University of Erlangen-Nuremberg (FAU), and this year it will be cooperating with Zentrum Wasserstoff.Bayern H2.B and the Nuremberg Chamber of Industry and Commerce for Middle Franconia.

The NürnbergMesse Group's subsidiaries are also presenting exciting innovations. Holtmann Messen und Events has joined up with a company named ICT to build a 400 square-metre hybrid presentation space at ICT's headquarters in Hanover. This "hybr.id_space" is a digitally fully equipped convertible real space that can be used virtually as a studio or showroom for product and corporate presentations. Augmented Reality and Virtual Reality technologies will enable customers to use the space for various formats of

today's live communications. A truly exciting Holtmann project that shows how well analogue live experiences and the digital world can get networked together.

It goes without saying that despite the coronavirus pandemic, we are still steadfastly pursuing our internationalisation strategy. I'd like to illustrate our activities with the example of three subsidiaries, and show how we are connecting people in the best possible way in other countries as well.

Last week we celebrated our successful restart of our events business in China. Our subsidiary NürnbergMesse China, and its managing director, Darren Guo, overcame challenging conditions – while of course adhering to China's strict distancing and hygiene rules – to hold four major events in Shanghai from 1 to 3 July: the BIOFACH CHINA, NATURAL EXPO CHINA and CRAFT BEER CHINA trade shows, and PAK-iD, a conference for the packaging industry. Thus NürnbergMesse China has provided a first important push and opened up market opportunities for the recovery of the economy. And at the same time, it offers our exhibitors an urgently needed platform for their business. We owe respect and recognition to the entire NürnbergMesse China team for that achievement. Their restart sent an important signal not just for the entire NürnbergMesse Group, but for the global trade events business as a whole.

We are also beefing up our worldwide activities in conducting trade shows for the paint and varnish industry (coatings) – especially in China. In collaboration with Vincentz Network, one of the leading trade publishers in Germany, we will join forces with the coatings association CNCIA to hold the first China Coatings Show, in Shanghai, from 2 to 4 September.

We are expanding in the coatings sector in South America as well. In collaboration with Vincentz Networks and the Brazilian coating makers' association ABRAFATI, our subsidiary NürnbergMesse Brasil will be organising the event by the same name, ABRAFATI – the most important combined trade show and conference on paints and varnishes, which will take place in São Paulo in September 2021.

ABRAFATI is held there every two years, and has evolved since its first run in 1989 into Latin America's most important trade show for the coatings sector.

NürnbergMesse has extensive capabilities in coatings worldwide. With the addition of Brazil and China, our international network has now grown by two important growth markets in the paint industry – and our portfolio has gained still further significance. Both subsidiaries, in Brazil and China, will thus be demonstrating their expertise as trade event organisers in these sectors.

Last but not least, our Greek subsidiary FORUM got off to a very successful start for the new year with the HORECA trade show. Because the coronavirus crisis has generally taken a

mild course in Greece so far, and as tourism gradually picks up again, from today's vantage point we are confident that this fall we will be able to hold a successful Athens Coffee Festival and Xenia, a leading trade show for the hotel industry – the latter assuming, of course, that the season starts up on schedule. Greece's leading trade event organisers worked with vigorous support from FORUM to ensure that trade shows can be held safely, in compliance with all established concepts for hygiene and protection.

Because of the varying spread of the coronavirus pandemic and the fact that in many cases there are still no hygiene regulations for the trade show industry, unfortunately we cannot say yet how many trade shows in other countries we will still be able to hold this year. But we have every intention to take advantage of the tailwind our subsidiaries have generated, and to relaunch at full scale as soon as possible.

Ladies and Gentlemen, let me summarise: Like many other companies, NürnbergMesse is currently going through turbulent, challenging times. After a strong 2019 events year, the outbreak of the coronavirus pandemic laid our trade events business low. As our top priority, we then protected the company's liquidity, and at the same time made the most of the crisis to get the company fit for the future with hybrid and digital services. Now, since our successful restart in China, we are looking to spark an equivalently successful restart for the whole NürnbergMesse Group – in the hope that our trade shows will finally kindle the bright business flame that everybody has been waiting for, and thus do what we're all here for in the first place: Connecting people.

Thank you for your attention, and now we'll be glad to take your questions – whether analogue or digital!