

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,

As we did last year, this year we again wish you a warm welcome – for both journalists and NürnbergMesse employees – to our hybrid financial press conference here at the Nuremberg Exhibition Centre – and of course on video screens around the world, whether at the office or at home. Whether you're on-site or online – Peter Ottmann and I are very happy to have all of you with us.

What a promising start it was for fiscal 2020! Exhibitor figures were up 15% and exhibitor booth area was up 16% at our BIOFACH and VIVANESS, EUROGUSS and Perimeter Protection trade fairs. It sounds like something from “another trade fair world”, but those really were the figures for the first quarter of 2020, until the coronavirus put an abrupt end to our growth.

You already know most of what the spread of the virus signified for the trade fair business and the events industry. To summarize just briefly again from our own vantage point: Out of 86 fairs for industries and the general public that were planned around the world for 2020, we had to postpone or cancel 65 because of the pandemic.

Yet in retrospect, one thing is clear: our strong first quarter protected NürnbergMesse from even more severe losses overall. After all, we were still able to hold 57 in-person events around the world – meaning trade fairs, conferences and corporate events – 28 of them at the Nuremberg Exhibition Centre. That resulted in a rather atypical set of key figures for NürnbergMesse Group events in 2020:

- 12,385 exhibitors (2018: 35,462),
- 360,870 square meters of total net space (2018: over 1.2 million m2)
and
- 430,887 visitors (2018: over 1.5 million).

That of course significantly impacted our company on the financial side. In 2020, owing to the pandemic, the NürnbergMesse Group generated sales of EUR 110.3 million (previous year: EUR 285.7 million). Relative to fiscal year 2018, which was comparable in terms of event cycles, this was a decrease of EUR 204.8 million, or 65%, in sales. We had not seen sales figures like that since 2005 (EUR 96 million) and 2004 (EUR 108 million). The loss at NürnbergMesse was EUR -68.6 million (2019: EUR 2.3 million profit; 2018: EUR 28 million profit). The EBITDA was EUR -29.3 million.

As usual, you can find the details of all the relevant key figures in our 2020 Annual Report, which was released today.

To convert the numbers into words, the pandemic was a kind of flash freeze for the entire trade fair industry, after a golden decade for trade fairs – and the same also held true of course for NürnbergMesse. But believe me – though the temperature outside feels like summer these days, the situation might have been a good deal chillier for our company.

Because even a pandemic-induced crisis like this one did not find NürnbergMesse entirely unprepared. As far back as 2014 we had developed a plan of measures, named “Phoenix”, which was designed abstractly and precautionarily as a drawer plan in case - for whatever reason - we are unexpectedly confronted with a serious loss of turnover. That meant management was able to respond quickly, and once the pandemic erupted, we systematically put on the brakes for both expenses and investments. What kinds of savings did we make?

1. We cut personnel expenses: By ordering a hiring freeze, eliminating performance bonuses and introducing subsidised shortened work schedules, we saved EUR 11.1 million in personnel expenses, or 25% from our own projected figure. And it's important to note: no one was made redundant at NürnbergMesse. We still firmly believe in trade fairs as a marketing tool, and we will still need a strong team for that in the future!
2. We reduced material expenses by 40%, especially by saving on all expense items and deferring major repairs in the double-digit millions.
3. We reduced total investments by EUR 54 million, or 77%, from our 2020 business plan – including by deferring major investments in the Exhibition Centre in Nuremberg and construction of NCC Süd.

By thus cutting back on expenses and investments, we've been able to safeguard the company's liquidity – and to put it in somewhat sporting terms shortly before the Euro 2020 finals, that was the result of a concerted team effort by the whole NürnbergMesse Group! But a team effort also means everyone has to forgo something. Which enabled us to save 25% on personnel expenses even though our workforce decreased only about 5% – and with no redundancies!

And at this point I want to express our warmest thanks to the human resources department, headed by Dr Thomas Koch, and to our employee representatives. We also owe it to them that NürnbergMesse was able to adjust to the new situation so quickly, and was the first German exhibition company to introduce subsidised shortened work schedules, or “Kurzarbeit”, last year. And also that we were the first German exhibition company to offer voluntary vaccinations for our employees.

Staying on course despite every challenge in the midst of the COVID tempest – that was something not every company in the events industry was able to achieve. So at this point permit me to give special mention to the many small and medium enterprises, as well as our Service Partners, who by their nature had a more difficult time surviving amidst the crisis. The full scope of the damage will probably not become clear until the last pandemic cloud has passed. At any event, the economic impact of the coronavirus pandemic on the German trade fair industry, until now the international leader, has already been severe.

At the end of 2020, we again commissioned the ifo Institute to study the impact of our events on our region. The results impressively showed how much depends on the trade fairs and conferences held in Nuremberg: The ifo Institute calculated that in 2018 and 2019 – meaning the years leading up to the pandemic – NürnbergMesse events generated an average purchasing power effect of around EUR 2 billion, exactly EUR 1.93 billion annually for all of Germany, and tax revenues of some EUR 365 billion, as well as safeguarding some 15,600 jobs.

The ifo Institute also calculated an alarming toll of losses for the pandemic year 2020: cancelled trade fairs and conferences in Nuremberg sapped EUR 1.55 billion in purchasing power effects for all of Germany.

Yet though silence suddenly reigned at the Exhibition Centre, our work behind the scenes really only got moving last year! To enable us to offer our exhibitors and visitors, in spite of contact restrictions, the platforms for business and knowledge exchanges that they rely on so heavily, we developed new digital products. And that in turn drew upon one of the very important components of NürnbergMesse’s formula for the future: Managing knowledge – the title of this year’s Annual Report. And my colleague Peter Ottmann will now tell you all about what our team accomplished.

Statement by Peter Ottmann, CEO NürnbergMesse Group

A warm welcome to everyone from me as well.

In connection with the pandemic year 2020, people often talk about a “digitalisation turbo”. But that was something we had already got running even before the crisis. Our colleague

Dr Martin Kassubek and his “Corporate & Digital Development” unit had already been developing concepts over the past three years to connect our in-person events with the digital world. But when we suddenly had to shut down our exhibition halls completely, that was a new and unexpected situation – because now we also needed to produce digital platforms for our exhibitors and visitors.

2020 will therefore go down in the history books of NürnbergMesse as the beginning of its transformation. Transformation of our business model, transformation of our work, transformation of our company towards more sustainability. We have a steep learning curve behind us. We developed immense digital expertise in record time, and we built up new capabilities within our company.

So following on the heels of embedded world in March 2020, we developed many new digital events and platforms. First for the medical technology industry with MedtecLIVE. And then for the IT security industry with it sa, for the fire protection industry with FeuerTrutz, and finally, as what you might call a watering hole for the beverage technology industry, BrauBeviale. By the end of the first half of 2021 we had developed digital formats for 55,700 registered participants. Over the past few weeks alone, we’ve launched three digital options, with it-sa 365 IT Security Talks, MedtecLIVE, and HYDROGEN DIALOGUE all for the second time.

More than 800 experts took part in the second, this time internationally oriented HYDROGEN DIALOGUE alone, proving once again that the growing hydrogen community needs this strong platform. In total, eleven digital formats and three face-to-face events took place in Nuremberg and worldwide in the first half of 2021. It became very clear to us: digital formats are an important bridge to our hybrid event formats, but something is also missing. It lacks the trust-building handshake that seals a deal; it lacks the concentrated conversation in private - and without a zoomed-in background photo; it lacks the shared flow, the immersion in a three- or four-day event and the resulting community experience of a live event. It lacks the lucky accident, i.e. the chance encounter in the exhibition hall that leads to a new contact or a new business idea! And, of course, the new customer business is missing.

That taught us something. Digital tailor-made suits are needed for our presence fairs. A presence event as an experience and highlight for an entire industry with precisely tailored additional digital offers for all those who cannot be on site - for us, that is the trade fair of the future. So our future formula for success will also be: On-site plus Online!

Alongside digitalisation, we’ve also been pushing ahead with another topic: sustainability. We launched our “energy campaign” back in 2014, and over the past few years it has saved tens of thousands of tonnes of CO₂ – for instance in the way we converted our venue’s lighting to LEDs.

During the event interval imposed by the coronavirus, we took stock, and for the first time summarised and catalogued our company's many sustainability projects. The result: with its many projects, NürnbergMesse is already contributing to 12 of the United Nations' 17 Sustainable Development Goals, or SDGs. We've combined our own goals for action into a sustainability compass that serves as both a guide and a stimulus. This year's Annual Report is setting an example, and incidentally has been printed climate-neutrally for the first time. And NürnbergMesse is one of the first founding members of the new Climate Protection Fund of the Nuremberg Metropolitan Region, and in that capacity, we support sustainable projects in our region.

As you can see, NürnbergMesse has made the most of the interval imposed by the coronavirus, and now every one of our units is getting ready for a trade fair restart this autumn.

The restart of the fair in China 2020 has shown us all that trade fairs are excellently received by exhibitors and visitors even after Corona. And despite our savings on costs, to make sure we can start up at full speed again this autumn, we have invested judiciously in our own infrastructure. Example 5G: Here we have already acquired a 5G licence in April 2020, which enables companies to test their applications at our exhibition centre as part of a 5G campus network. As one of the leading trade fair companies in Europe in this technology, we want to offer our customers this added value at the exhibition centre in the future. Besides investing EUR 10 million in a new Wi-Fi and LAN network before the pandemic started, with 5G we're very deliberately investing in improving customer service at the Exhibition Centre.

Let's stay with the keyword customer service. In our new "Services" division, headed by Remo Zimmermann, we are bundling all our services under the ServicePartner concept. It pools all our services together with complaints and quality management in a central office – with a clear performance promise to our customers – one touch! By which we mean less effort, shorter channels, and simple solutions.

Because the way to a fair's heart is through its stomach, we not only increased our share in the business of our fair caterer Lehrieder to 100 per cent at the turn of the year, we also appointed Thomas Domani to the dual leadership of Lehrieder. As of August, he will strengthen and expand our gastro subsidiary together with Dr Nadine Cauers-Lehrieder.

Let's stay with our subsidiaries for a moment. As you know, the NürnbergMesse Group consists of NürnbergMesse GmbH and 15 subsidiaries worldwide. Our thanks go at this point to all colleagues who are leading the companies through the pandemic under sometimes extremely difficult conditions - in Italy, the USA, Brazil, India, China, but also in Greece and here in Germany itself. To strengthen our shareholdings, we have increased our stake in Forum in Greece to 90 per cent and in Holtmann to 66 per cent in recent months.

As you can see, we firmly believe in the future of our business model and want to start again better positioned after the pandemic. Accordingly, our preparations for the real trade fair autumn 2021 in Germany, Greece and Brazil are in full swing! In the coming 12 months, 86 exhibitions and events are in the NürnbergMesse Group's schedule. These include a gratifyingly large number of new events, which Roland Fleck will go into again in a moment.

But back from the future and into our imminent autumn fair. It all starts in September with FACHPACK, the world's leading trade fair for packaging technology. Just yesterday, our event manager Heike Slotta reported we already have almost 700 registered exhibitors. And for all those industry professionals who still can't attend on-site because of travel restrictions, we're also offering digital supplements for FACHPACK. For instance, packaging professionals will be able to meet online before, during and after the event by way of the myFACHPACK platform.

Then things continue with it-sa in October. Europe's largest trade fair for IT security has already matched its exhibitor figure from 2017. That makes us very optimistic, and the feedback from the industry is equally encouraging. IT experts are looking forward to meeting up in person, on-site – even though for a year now, they've been able to converse anytime on the "it sa 365" online platform. This proprietary development of ours had logged more than 4,500 registered users by early July.

Both trade fairs are very good examples of our hybrid trade fair concepts for the future. With a combination of "online" and "on-site", we're thus creating true value added for our customers – even after the pandemic, and before and after each trade fair date in the future.

Of course we all hope incidence rates will keep shrinking so that travel restrictions will also be lifted step by step. And now I'll hand you back to Roland Fleck.

Statement II by Dr Roland Fleck, CEO NürnbergMesse Group

Ladies and Gentlemen, in conclusion let me sum up: Like many other companies, especially in the events industry, NürnbergMesse is experiencing a second challenging year of COVID.

While 2020 could at least point to a strong first quarter, 2021 – at least so far – has still been completely overshadowed by the pandemic. To offer our customers the digital bridges they need until trade fairs can get up and running again, last year we pushed ahead with the transformation of our business model towards hybrid events. Trade fairs have already returned to being important platforms for companies in China for a year now, while in Germany, and especially in Bavaria, the restart of trade fairs is expected for 1 September. With

1. a well thought-out protection and hygiene concept
2. relaxation of travel and a corresponding
and a corresponding normalisation, and
3. Encouraged by good booking figures for our autumn fairs 2021 and fairs in the first quarter of 2022, we are optimistic about the imminent relaunch of the trade fair industry as things stand.

Another encouraging aspect for us is the booking figures for our spring 2022 trade fairs, along with the many new trade fair formats that we have already developed at our Nuremberg site and internationally for the coming 2022 year:

One of these is our new wildlife.fair event, which will continue our efforts to put an even brighter spotlight on protecting the environment and nature. wildlife.fair is an event for members of the general public who are interested in nature and hunting, and will make its debut in April 2022 at the Nuremberg Exhibition Centre. The Bavarian Hunting Association is not only the honorary sponsor of the fair, but the organiser of the accompanying conference.

In Vicenza, Italy, our colleagues at our subsidiary NürnbergMesse Italia will open the first annual “Focus on PCB” in June 2022. This new trade fair for the printed circuit board industry is the second own event in NürnbergMesse Italia’s portfolio. And in autumn 2022, a third Italian event will celebrate its premiere: Ospitiamo in Milan will focus on the hotels and alternative accommodations industry, meaning alternative forms of overnight hospitality. This premiere double in Vicenza and Milano makes me extremely happy!

And we are not only pushing new trade fair formats in Europe, but also in Asia. China today is simply “the driver of the world’s automotive market” – including according to famed mobility expert Prof. Dr Ferdinand Dudenhöffer. This April, NürnbergMesse China joined him and his “CAR” Institute – which stands for Center Automotive Research – to form an exclusive partnership for 2022 and beyond. We are planning to combine our expertise from automotive-related trade fairs in Shanghai with Prof. Dudenhöffer’s network. The first joint event will be EVTec in Shanghai in October, at which CAR (D+S Automotive) is involved as a strategic partner. Then the first CAR Symposium China will follow in April 2022.

Our shared goal is this: Joining forces with Dudenhöffer’s CAR Institute, which organises leading automotive events in Germany, we want to develop promising events for the growing automotive industry in China as well.

Despite all the product innovations that we’re planning for next year, of course the success of our restart will always depend on three questions on which, unfortunately, we still have no answers for you as yet:

1. How well are we prepared, as a society, for a possible “fourth wave”, and how will mutations develop?
2. What will the situation be with travel restrictions and the availability and pricing of flights?
3. How long – even after the pandemic has died away – will the “reverberation time” last in the minds of decision-makers at companies?

All of these are imponderables that objectively prevent any valid projection.

Depending on how successful the restart is, fiscal year 2021 will turn out roughly at the same level as last year.

At any event, the fact is this: Every pandemic in history has had an end. And so will the coronavirus pandemic. Whether that is in 2022, 2023 or 2024, we will still be dealing with the effects and aftereffects of this pandemic for many years to come. All the same – and possibly even because of that – our clear goal remains to return to our proven and successful NürnbergMesse growth path!

Thank you for your attention, and now – whether in analogue or digital format – we’ll be glad to answer your questions.