

NürnbergMesse Group Press Conference
Tuesday, 18 July 2023, 11:00 a.m.

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

– Check against delivery –

Remarks by Prof. Dr Roland Fleck, CEO, NürnbergMesse Group

Ladies and Gentlemen,
Welcome to our 2023 financial press conference.

We're very happy to welcome you on-site to the NCC Mitte space here at the Nuremberg Exhibition Centre, and online by video – not only media representatives, but our colleagues in Nuremberg and around the world who are attending our press conference. We're very pleased that all of you were able to join us.

We live in challenging times. Scarcely had we emerged from the global pandemic than Russia launched a brutal war of aggression in the midst of Europe. War, the climate, energy – the stubbornly persistent crises have mounted up to a veritable Everest of emergencies. As a company, we are operating in “multi-crisis mode”. To top it all off, we're experiencing a development of technologies that will fundamentally alter our world, including artificial intelligence, the metaverse, and alternative energy storage concepts, to name just a few. The world we live in is becoming what is called, in English, VUCA – volatile, uncertain, complex, and ambiguous.

It was amid this uncertain world that the exhibitions business – including NürnbergMesse – also had to recover its footing after COVID-19. The business had almost been declared dead during the pandemic.

But as we know today, trade fairs remain a highly desirable, attractive marketing instrument. Exhibitors do not want to be mere postage-stamp images on a video screen. They want to get back to our exhibition halls, and plainly prefer dialogue in person and face to face.

That's also clearly evident from a look at our key event figures for 2022. Last year, we held more than twice as many trade fairs as the year before. Even though in Nuremberg we essentially lost the whole first quarter of 2022 to the virus, and in China were able to hold only a single trade fair, a total of 59 trade fairs still took place during the year.

Fiscal year 2022 – pared down by the coronavirus to March through December – nevertheless proved to be a successful year, with a total of 155 events all over the world and a lively attendance of some 23,500 exhibitors and more than 989,000 visitors, on some 842,000 square metres of net exhibition space. The previous year, dominated by COVID, registered only 5,493 exhibitors, 315,000 visitors, and some 177,000 square metres of space.

Looking back at the past year, one especially conspicuous feature is the strength of our international portfolio. Our subsidiaries in Brazil, Greece, and India recovered stoutly from the crisis, setting record results for the NürnbergMesse Group.

The good figures for our events led in turn to positive key financial figures. Sales rebounded vigorously to reach more than a quarter of a billion euros in 2022 – specifically, EUR 257 million. That indicates we are well past the coronavirus slump, and are certainly back on track for success.

A further consequence of this brilliant post-pandemic sales recovery: net income for 2022 also returned to positive territory at last. We have indeed come back into the black – albeit at a relatively low figure – for the shortened 2022 fiscal year. After two years spent deep in the red, the Group showed a profit of EUR 3.3 million. EBITDA also enjoyed a substantial surge, to EUR 32.3 million (2021: EUR –1.1 million).

The shortened 2022 fiscal year has set positive signals with its event and financial figures, and will thus supply clear impetus for growth, on a sound foundation, for the years to come – and that's the cue for me to introduce my colleague, Peter Ottmann.

Remarks by Peter Ottmann, CEO, NürnbergMesse Group

Yes indeed, we're seeing positive signals from every segment of the company. We're back on track for success. All signs point once again to growth, and on a variety of levels.

First and foremost, in our NürnbergMesse team. As you know, we were able to weather the pandemic without redundancies. Instead, we took advantage of natural staff turnover within the company, and did not fill positions as they came open. And we were already able to lift our COVID-induced hiring freeze in 2022. Ever since, we've been on the lookout for talented new trade fair staff – especially in those spheres where we continue to advance the company's transformation. In 2023 once again, we still need new colleagues to help us make the most of the strong tailwind from our events so we can advance NürnbergMesse still further.

In total, we saw staff growth that is reflected in a workforce increase of almost 8 per cent, to 1,121 employees worldwide (2021: 1,039). Some 567 of these work in Nuremberg (2021: 570).

We enjoyed very clear positive signals from our exhibition halls round the world. We held 75 events (including around 40 trade fairs) in the first six months of 2023. Most of these saw more exhibitors and visitors than at any of their editions from the previous three years. On average, our trade fairs have reached 85% of their pre-pandemic attendance level.

But it was not just the established events that returned to the growth track. This year and next, we've set the stage for about a dozen new events to be launched. Six of them have already made their debuts so far this year; another five are pending for autumn.

Brazil will see two event debuts this year: the Haus Decor Show for interior decoration, and the Brazilian Footwear Show, the world's fourth-largest event of its kind, showcasing the Brazilian shoe industry.

In June, China saw the first international branch of our embedded world family of events, embedded world China. A second branch will make its U.S. debut in October of next year, embedded world North America. That will enable the leading trade fair for embedded systems to connect on location with the world's most important markets: North America, Asia, and Europe.

In Central America, a branch of another show also celebrated its premiere, EUROGUSS MEXICO.

We're expanding our long-standing partnership with Vincentz Network by adding another joint event. In October, Indonesia will see the first Pacific Coatings Show (18–20 October 2023), a meeting place for the paint and pigments industry.

In April, our Indian subsidiary celebrated its ten-year anniversary. So for them, once again: congratulations, and many thanks for the tremendous work your team has been doing under the leadership of Managing Director Sonia Prashar. But the celebrations in India actually began before that, in February, when the new Fire Safe Build India made its debut in Mumbai. And as an addition to the successful PAINTINDIA in Mumbai, March saw a new North Edition in New Delhi. On top of that, the Indian team has another new format in preparation. This November, the first SUSTAINABLE SUPPLY CHAINS INDIA sustainability conference will be held in New Delhi, a new event concept that concentrates, as the title suggests, on best practices for sustainability in supply chain management.

Our colleagues in Greece will launch another new event in November, when the first GLOBALPACK trade show for packaging will be held in Athens – a suitable appendage to our FACHPACK in Nuremberg.

Here at the Nuremberg event venue, in May we finally held LEGAL REVOLUTION, following a deferral for the pandemic – Europe's largest conference and trade show for the entire world of jurisprudence, including business law firms and compliance organisations.

On the other hand, the two leading trade fairs for the beverage industry, BrauBeviale in Nuremberg and drinktec in Munich, are not newcomers by any means. Nevertheless, two weeks ago they too had news to report: the two events will be pooling their strengths in a new joint venture, YONTEX. This will generate true added value for our clients on both the exhibitor and visitor sides. The new company is headquartered in Nuremberg, and is headed by our former unit manager Rolf Keller. YONTEX will make its first public appearance at the upcoming BrauBeviale, 28 to 30 November, in Nuremberg.

That brings us to our outlook for the second half of 2023. China Diecasting already made a dazzling debut just last week. Additional event highlights will be Powtech, it-sa, Kommunale, Consozial, SPS, and, as I already mentioned, BrauBeviale. Nuremberg and the rest of the world will see over 70 more events before the year is out – about 40 of them in Nuremberg.

You know already about our goal of establishing a CO₂-neutral energy supply by 2028. We're now taking major steps in that direction. At the moment we're installing some 9,500 photovoltaic modules, half of which will start operating before year's end. By September of next year, all 21,000 modules should be installed.

We were very pleased that our subsidiary Lehrieder recently received the 2023 German Award for Sustainability Projects for its "Nature-Friendly Cuisine" effort. The jury for the "Gastronomy/Event" category thus impressively reconfirmed our trade fair caterer's pioneering role in the German catering market. That includes offering sustainable, healthy foods from low-CO₂ regional, seasonal and organic farms; it also means significantly reducing the company's total refuse and limiting food waste to a minimum.

You can find more details about our commitment to sustainability in our combined annual financial and sustainability report, now the second of its kind, which will be available online starting today.

Remarks from Dr Roland Fleck, CEO, NürnbergMesse Group

This is a pivotal year, and from here we can look ahead filled with optimism into the event years to come. That optimism is shared by the worldwide exhibitions industry, which has now fought its way clear of the coronavirus crisis. A projection by the famed market researchers at AMR indicates growth of 67% from 2021 to 2022 alone – even though 2022 was anything but a "pandemic-free" year! A continuing recovery to pre-COVID levels is expected over the next two to three years – and from 2026 onwards, the global trade fairs market actually expects to set new sales records, up by as much as 15% from the 2019 level.

UFI, the Global Association of the Exhibition Industry, of which I am a board member, has reached the same conclusion. It expects vigorous growth for the exhibitions industry worldwide in 2023. At the latest meeting of the full Board of Directors in Maastricht, that opinion was reconfirmed by my colleagues from every continent, without exception.

Those projections already expect Europe to return to 95% of pre-COVID levels in 2023. The Central and South American market, which is of great interest to us, will even recover to 99%, and the Asia/Pacific region will still manage 82%, lower largely because of the slower restart in China. The worldwide average for 2023 is projected at 91% of the pre-pandemic level.

Ladies and Gentlemen, it has of course been common knowledge since February that this will be my last financial press conference for NürnbergMesse. So please indulge me in a brief look back over my 12 years as CEO, 12 years serving as joint head of NürnbergMesse with Peter Ottmann:

Our sales arrive in waves because of the different cycles in even and odd-numbered years. But they have grown steadily. In 2018, the company set a new sales record of EUR 315 million. We all know what then happened in 2020 – when we had originally expected to set a new record. But I am now going into retirement with the reassurance that business at NürnbergMesse is back on the upswing. And I'm confident that the record from 2018 will be broken again in the current decade.

Over the past few months we've developed a new strategy to carry the company forward to 2026. And in view of my retirement, we've also completed the previous strategy period with success. During that time,

- we developed NürnbergMesse into one of the world's 12 biggest exhibition organisers
- we achieved steady sales growth of 7.5% per year (2008-2018)
- we grew total sales more than 100%
- we founded five international subsidiaries
- we incorporated 85 trade fairs into our global portfolio, and lost or cancelled 54
- and: since 2010 we have invested EUR 190 million for the cyclically less busy 2023 year at our Nuremberg site and
- another EUR 45 million in acquisitions

On top of that, with our 2026 bridge strategy, we already moved into the next strategy period in May of this pivotal year 2023. That was important to me before I leave. We expect figures for exhibitors and exhibition space to place somewhere between 2019 – the best uneven-numbered year of all time – and 2017 – a dismal year when BrauBeviale and FACHPACK were postponed. Sales as well will continue to grow, and should still reach roughly EUR 230 million for the cyclically less busy 2023 year.

I want to thank those of you from the media for having worked with me as such good partners over all those years. I'll still be watching closely what you report – but now from the vantage point of a university teacher and trade fair retiree. I wish you all the best for the future.

Thank you all for your attention, and now we'll be happy to answer any questions you may have, whether on-site or online.