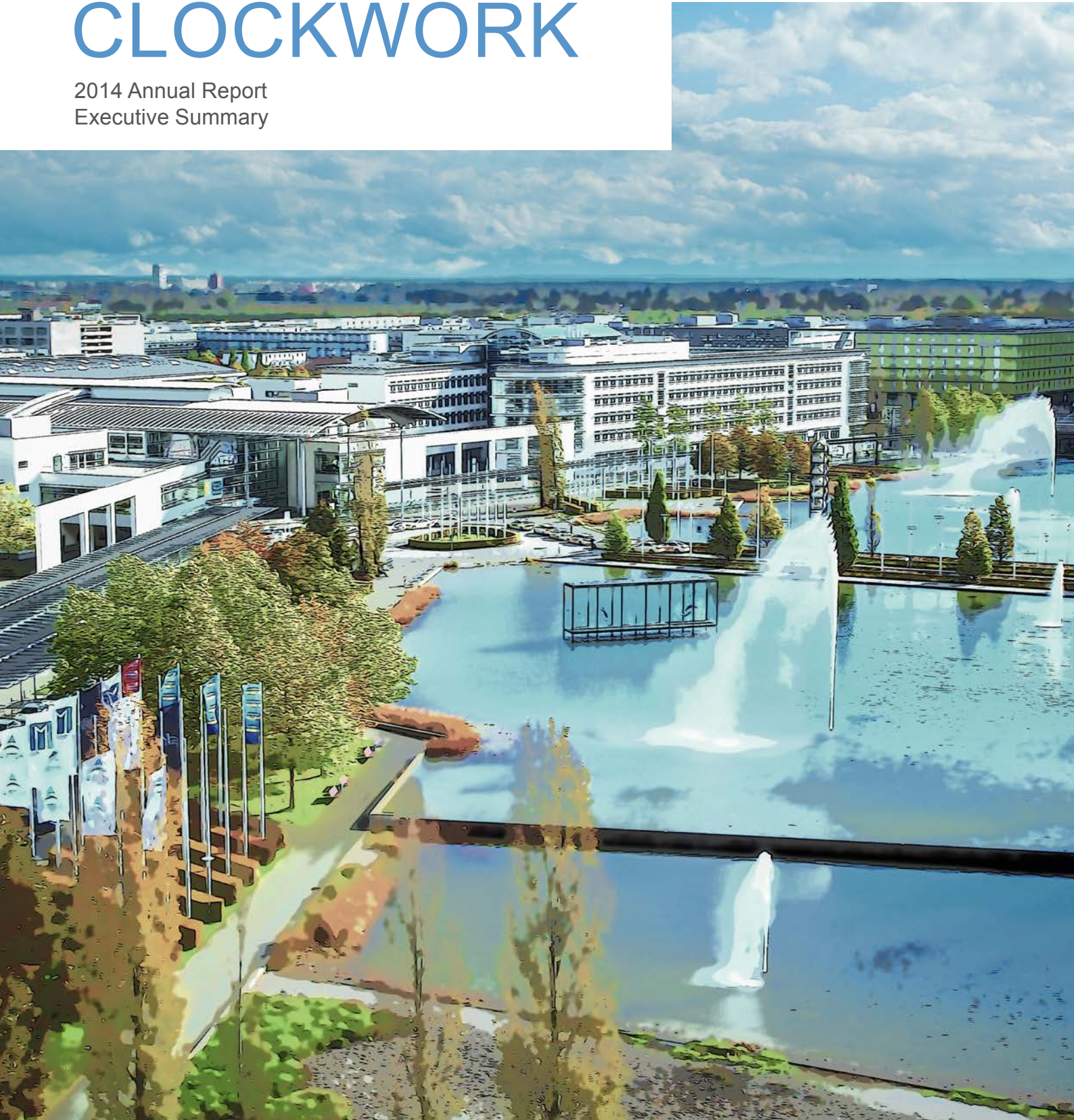


Messe München  
International

# RUNNING LIKE CLOCKWORK

2014 Annual Report  
Executive Summary



Connecting Global Competence



# KEY FIGURES 2014

		2014 <sup>1)</sup>	2013	2012	2011
Available hall space, Messe München	m <sup>2</sup>	180,000	180,000	180,000	180,000
Available open-air space, Messe München	m <sup>2</sup>	425,000	425,000	360,000	360,000
Available exhibition space, MOC Veranstaltungszentrum München	m <sup>2</sup>	37,400	37,400	37,400	37,400
Trade fairs and exhibitions <sup>2)</sup>		13	16	15	18
Guest events		202 <sup>3)</sup>	203	230	254
Gross space <sup>4)</sup>	m <sup>2</sup>	2,230,447	2,724,250	2,401,080	2,163,916
Turnover ratio <sup>5)</sup>		11	13	12	11
Net space (rented) <sup>6)</sup>	m <sup>2</sup>	747,865	1,171,016	755,827	619,022
Total number of exhibitors		33,082	36,400	35,047	31,379
of which from outside Germany		8,692	10,344	8,738	6,453
Additionally represented companies		471	87	523	174
Total number of visitors		1,802,647	2,313,701	1,778,466	1,753,776
Sales Messe München GmbH	EUR millions	223.7	309.5	221.9	189.3
Group sales	EUR millions	309.4	353.0	298.4	222.5
EBITDA Messe München GmbH <sup>7)</sup>		68.8	112.9	66.7	52.0
Employees Messe München GmbH <sup>8)</sup>		621	603	567	544
Group employees <sup>8)</sup>		898	842	785	737

Due to extreme differences in the number and structure of events held each year, the key figures for any given year are only comparable to a limited extent.

1) Unless otherwise stated, figures relate to all events at Messe München (including ICM – Internationales Congress Center München), at the Poing Building Center and at the MOC Veranstaltungszentrum München.

2) Messe München GmbH and GHM events only, excluding other third-party events (guest events)

3) 106 guest events at the exhibition center, 96 at the MOC Veranstaltungszentrum München

4) Occupied hall space and outdoor space

5) Ratio of occupied total hall space (gross) and hall capacity of Messe München and the MOC Veranstaltungszentrum München

6) Rented space (hall space and outdoor site) including approximately 5% special exhibition space; excluding ICM – Internationales Congress Center München, guest events and the Building Center

7) Earnings before interest, taxes, depreciation and amortization—domestic only

8) As of 2013, also includes the average number of temporary staff members





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STATE MINISTER  
ILSE AIGNER

"Messe München makes a significant contribution to the fact that Bavaria is able to compete as a business location at the international level."



LORD MAYOR  
DIETER REITER

"We look to the future of Messe München with great optimism. That is why we approved the construction of two new halls."

## A COMPANY FULL OF ECONOMIC POTENTIAL

Strengthening Bavaria and Munich: Messe München International has been carrying out this mission with great success for five decades. Several leading trade fairs bring together the international "Who's

Who" of their respective industries and serve as a springboard that gives Bavarian companies access to growth markets around the world. At the same time, Messe München makes a significant contribution to the fact that Bavaria is able to compete as a business location at the international level and, despite a number of international uncertainties, set another foreign-trade record in 2014.

Messe München does not just create value as a service provider. To an increasing degree, it generates sales and creates jobs in many businesses such as hotels, restaurants and logistics companies throughout Bavaria and Germany—which in turn generates tax revenue. A study by the Ifo Institute for Economic Research conducted in 2014 proved to the fact with impressive figures. The company is also working consistently and energetically to achieve its independence: Messe München has been in the black for five years and managed yet again to make a sizeable payment in 2014 to service its shareholder loan from the State of Bavaria and the City of Munich to build the new exhibition center.

The 50<sup>th</sup> anniversary of Messe München in 2014 was an all-round success. It is with great delight that we see the company's economic potential and look to its future with great optimism. That is why we approved the construction of two new halls. We thank the company's management team and all of its employees for their outstanding commitment.

### SUPERVISORY BOARD

STATE MINISTER ILSE AIGNER  
CHAIRMAN

LORD MAYOR DIETER REITER  
1<sup>ST</sup> DEPUTY CHAIRMAN

HEINRICH TRAUBLINGER  
ADDITIONAL DEPUTY CHAIRMAN

STEFAN OSTERMEIER  
ADDITIONAL DEPUTY CHAIRMAN



# MESSE MÜNCHEN: AN ENGINE THAT DRIVES THE ECONOMY



**Dear Readers,**

Messe München celebrated its 50<sup>th</sup> anniversary in 2014. It has been strengthening Munich and Bavaria as a business location for five decades. To the local economy, it is a gateway to the world at the same time that it brings the world to Munich. Restaurants, hotels, taxi businesses, logistics enterprises and stand-building companies profit from trade fairs in Munich. Conversely, interaction between all of these partners is what makes the exhibition center so successful. The exhibition venue is an economic factor—and it runs like clockwork: That is the central theme of this annual report.

The results of our anniversary year 2014 encourage us as we continue down the path of growth, ongoing internationalization and making our home location stronger. For the fifth year in a row, we are in the black, and although we have a large debt to service for new construction at the exhibition center, once again we do not require a grant from our shareholders. Add to that our outstanding prospects for the future.

In 2014, our shareholders made a pioneering decision: They approved construction of two new halls and an additional small conference facility. Messe München will finance the cost of construction, which will amount to 105.8 million euros, on its own. We need these halls to meet our customers' needs. The waiting lists for bauma, IFAT, BAU and ISPO MUNICH are long. Construction is due to begin after IFAT in the summer of 2016. The buildings should be completed two years later.

Even after the record-breaking year in 2013 with a program of fairs and exhibitions that only happens every twelve years, we had a healthy balance sheet in 2014. Our events improved better than planned, and we experienced above average growth compared to other German trade-fair centers. We remain one of the most profitable organizers of trade fairs in Germany. Sales of the Messe München Group, which includes the subsidiaries and our foreign business, totaled 309.4 million euros (2013: 353.0 million euros). Messe München GmbH generated EUR 223.7 million euros (2013: 309.5 million euros) in sales in 2014. The EBITDA (earnings before interest, taxes, depreciation, and amortization) was 68.8 million euros (2013: 112.9 million euros). As a result, we were able to pay 30.4 million euros on the shareholders' loan for new construction of the Messe München exhibition center.

In 2014, we organized and held 18 events abroad. The largest was bauma China in November. The first food & drink technology Africa took place in Johannesburg in March. Seismic Safety, a trade fair for earthquake safety, celebrated its premiere in Istanbul in April, the first edition of the BAU Congress China was held in July, and with India Lab Expo, we purchased a leading trade fair for analysis, laboratory technology and biotechnology in India.

So far, development of the company's trade-fair business in 2015 leaves us optimistic despite international crises. One thing applies to all of our events: Success in the past is the standard by which we measure our day-to-day work. At the same time, it is an incentive to become even better in the future.

Management Board of Messe München (left to right): Falk Senger, Monika Dech, Klaus Dittrich, Gerhard Gerritzen, Dr. Reinhard Pfeiffer, Stefan Rummel

KLAUS DITTRICH  
Chairman/CEO

DR. REINHARD PFEIFFER  
Deputy CEO

STEFAN RUMMEL  
Managing Director

FALK SENGER  
Managing Director

GERHARD GERRITZEN  
Deputy Managing Director

MONIKA DECH  
Deputy Managing Director



# MILESTONES 2014

## JANUARY

### ILSE AIGNER BECOMES HEAD OF THE SUPERVISORY BOARD

Bavaria's Minister of Economic Affairs and Deputy Minister President Ilse Aigner takes over as Chairman of the Supervisory Board of Messe München for the term 2014 to 2016 as successor to Munich's Lord Mayor Christian Ude.

## FEBRUARY

### AHMEDABAD, JOHANNESBURG, ISTANBUL, HYDERABAD

Messe München's foreign business grows—four new trade fairs are established in 2014 alone. Indian Ceramics in Ahmedabad kicks things off in February. food & drink technology Africa in Johannesburg takes place in March, followed by Seismic Safety in Istanbul in April. And India Lab Expo in Hyderabad was purchased in November.

## MARCH & NOVEMBER

### BERLIN RECEPTION BRINGS TOGETHER EXHIBITION BUSINESS WITH POLITICS

Twice in 2014, Messe München invited Berlin's politicians to the German Parliamentary Society directly next to the Reichstag for some networking. At the "Berlin Reception" in March, trade-fair organizers and politicians discussed the environment in the context of IFAT and the GreenTec Awards. The topic in November was intelligent urbanization in the run-up to BAU 2015. The company plans to continue its involvement.

## APRIL

### 50 YEARS YOUNG

Messe München was founded on April 1, 1964. In 2014, on its 50<sup>th</sup> anniversary, it proves to be a perfectly healthy medium-sized company with outstanding prospects. To commemorate its anniversary, its impressive history is documented in an online chronicle full of facts and photographs at [www.history.messe-muenchen.de](http://www.history.messe-muenchen.de). The occasion is celebrated with a glamorous gala.

## MAY

### SPECTACULAR, STAGGERING, FANTASTIC

The largest trade fair in the world makes headlines again: Following its world premiere in Las Vegas, "bauma—the movie" comes out online and enralls more than just industry representatives with its action-packed portrait of the fair. It wins the 2014 German Award for Online Communication in the category B2B Campaign.

### IFAT BRINGS GREENTEC AWARDS TO MUNICH

For the first time ever, the GreenTec Awards, one of the most important environmental and business awards in Europe, are held in Munich instead of Berlin as part of a gala event to kick off IFAT. The most important trade fair for environmental technology proves to be a perfect platform for honoring outstanding, innovative environmental projects.





## JUNE

### FINAL EXPANSION OF THE EXHIBITION CENTER

It's decided: The Supervisory Board approves final expansion of the exhibition center. Construction of Halls C5 and C6 and an additional conference facility will begin in summer 2016. As of 2018, Messe München will have 18 halls with a total of 200,000 square meters of exhibition space and an outdoor site with approximately 400,000 square meters of space.



## JULY

### BAU POSITIONS ITSELF IN CHINA

China is the largest construction market in the world. That is why BAU, the World's Leading Trade Fair for Architecture, Materials and Systems, is establishing itself there too. Effective immediately, the BAU Congress China in Peking revolves around high-quality design, planning and construction for the Chinese market.



## OCTOBER

### LEADING CATERERS TO COOK FOR MESSE MÜNCHEN

As of August 2015, three leading Munich caterers—i.e. Michael Käfer, Alfons Schuhbeck and Josef Able—will bring a breath of fresh air to the range of culinary alternatives at Messe München. The concept was developed together with Holger Stromberg, chef for Germany's national soccer team. Asian, Italian, American or regional Bavarian cuisine: In future, meals will be as international as the approximately two million guests who visit Messe München each year.

## NOVEMBER

### HAPPY BIRTHDAY, ELECTRONICA!

If that's not a success! Founded in 1964, electronica has been the undisputed leading international trade fair for electronic components, systems and applications for decades. electronica celebrates its 50<sup>th</sup> anniversary with outstanding results: 2,725 exhibitors from 52 countries and some 73,200 visitors from 90 countries attended the fair.



### THANK YOU, EUGEN EGETENMEIR!

After nearly 30 years of working for Messe München, Eugen Egetenmeir retires. A major farewell reception was held for him in Shanghai in November. He played a key role in building the new exhibition facility in Riem as well as the Shanghai New International Expo Centre, and in establishing and expanding the company's foreign business activities. Thank you for your untiring commitment and dedication!



## DECEMBER

### NEW TRADE-FAIR VENUE

Relocating airtec, the International Aerospace Supply Fair, from Frankfurt to Munich is a done deal. airtec will take place in Bavaria for the first time in November 2015. The reasons for the change in venue: The flexibility of the Munich exhibition center and being based in a region that is one of the strongest aviation and aerospace business locations Europe.





# MESSE MÜNCHEN AS AN ECONOMIC FACTOR

# 1.







# MESSE MÜNCHEN BOOSTS THE ECONOMY

With two million visitors and some 33,000 exhibitors per year, Messe München is an important factor that promotes sales in Munich and the entire region.

Like a big, bustling island, the exhibition center is located on the outskirts of Munich's city center. From the outside, you can sense the enormous energy that is concealed behind the expansive site. When trade fairs and conventions are taking place, it is really tangible. Then Munich's residents have to deal with a Babylonian mish-mash of languages in the full subway and experience the eager expectations of exhibitors and visitors from around the world—and things in the city are even more vibrant. But this trade-fair island is not an end in itself: For Munich and the entire region, it is a substantial economic factor. After all, every euro of sales Messe München generates creates another ten euros in sales elsewhere, i.e. in stores, restaurants, hotels, taxis, and a host of handicraft businesses.

The key term for this is indirect profitability: In a normal trade-fair year, that amounts to some 2.63 billion euros earned because of Messe München. And thanks to bauma, the largest trade fair in the world, it can be as much as 3.6 billion euros every three years.

### Global network

The significance of Messe München as an important economic factor extends way beyond Munich. Due to its growing international nature, the company is now a sought-after partner. "Exhibitors ask us whether we can't join them when they go abroad," reports Klaus Dittrich, Chairman and CEO of the company. They benefit from the Messe München network, which includes subsidiaries in the growth markets of India, China and South Africa, and more than 60 foreign representatives of "their" Messe München around the world.

So the company is like a strong magnet: There are even companies that relocate to the region because of Messe

München. "Many of them come to Munich because they have had good experiences participating in trade fairs here," reports Dittrich, based on a number of personal discussions.

### More than two million visitors per year

The exhibition center has enormous appeal: Some two million visitors come to Munich each year because of trade fairs and conventions. Large-scale events—like the cardiologist congress with 30,000 participants—generate up to 50 million euros in sales.

"Messe München is one of the most important engines for the Munich economic region," says Wolfgang Fischer, Managing Director of CityPartner. "The tourism, retail and restaurant sectors profit from the enormous appeal of Messe München and the conventions at the ICM." Messe München also promotes the hotel industry: "Nearly one in every five overnight bookings is a Messe München guest," explains Conrad Mayer, Regional Chairman of the Bavarian Hotel and Restaurant Association. In 2014, that corresponded to some 2.6 million overnight stays in the 530 hotels in the Munich region. Mayer: "Without the exhibition center, the hotel business in the city would have a completely different structure. It essentially determines when we have high season."

Restaurant owners are also very satisfied. "If it were up to us hosts in the city, there would be a trade fair in Munich every day," says Lorenz Stiffl. The "Spöckmeier" owner is spokesman for the downtown restaurant owners. "After a day at the trade show, there is a genuine run on our restaurants starting at 19:00. Trade-fair guests and exhibitors are our best customers."



From retail stores to restaurants: Trade-fair guests fill the city and spend lots of money here.

Ulrich Hirmer (large photo) prepares his store especially for bauma.

### Plus sizes boom during bauma

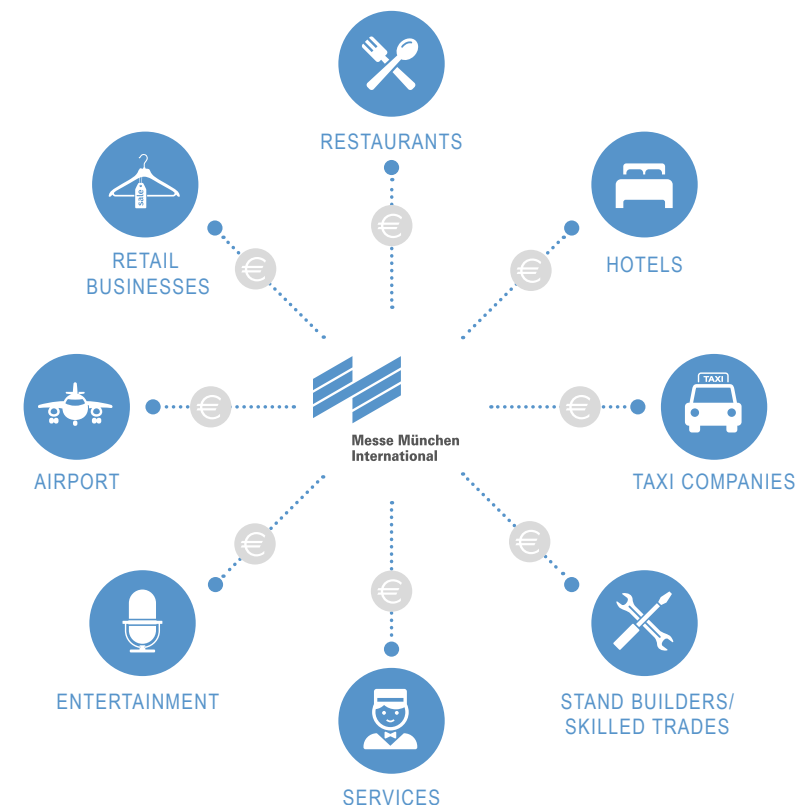
Ulrich Hirmer explains what business is like in his menswear store during major trade fairs:

"For us, every trade fair definitely means more customers and more sales. Our personal favorite trade fair is bauma because there is a noticeable and considerable increase in customer traffic on each day of the show. Many of the fair's exhibitors who come to us are from Russia, Azerbaijan, Ukraine, Lithuania and Latvia. These are grown men, really big guys! They like shopping in our special department on the fourth floor where we sell everything in tall and plus sizes. Everything from suits to underwear in superior quality and trendy brands.

A brand-name suit costs twice or three times as much in their home countries. If an Italian suit is 1,000 euros here, you can't find it for less than 2,000 euros in Russia.

So the fact that a bauma exhibitor covers his needs for an entire season and buys five to eight suits as well as shoes, shirts, ties and an overcoat is nothing rare. And everyone who comes, buys. The fastest buyers are the Russians. In many cases, they only try on the jackets. They don't even put on the suit pants because they have a tailor at home who can do alterations. Many Russian guests are done after just five or ten minutes. Germans are much more prudent in their purchases, which is why they need more time to pick out a suit for themselves.

To make sure that we can communicate with all of our guests, our staff speaks 23 languages. We have salespeople who speak Russian, Arabic, Turkish, Danish, Greek, Hungarian and even Persian and Hindi. During major fairs, we increase our staff from 170 to 200 people between 17:00 and 20:00.





## Jobs



## Purchasing power



## Tax revenues



Messe München's activities have a ripple effect that is felt across the country: It creates jobs, its guests spend lots of money, and the city, state and country profit from tax revenue. Trend: increasing.

## Many sectors benefit

Whenever there is a trade show or a convention, business also booms for the taxi drivers. "Taxi-München" collaborates on traffic planning. "That way, there are always enough cars at the right exits at the right time," explains taxi coordinator Thomas Kroker.

The numbers: Taxi drivers' sales go up an average of 35 percent during major trade fairs. On a normal day, some 1,500 taxis are on duty. During trade fairs and congresses, there can be as many as 2,500. Kroker cites bauma as an example: "If 50,000 guests attend the fair on one day, approximately 1,000 taxis depart from the exits during rush hour (one hour before to two hours after the show closes). So starting at 17:00, we have 300 cars waiting in line. That means six departures per minute (360 per hour). "Some of the guests who are here for three show days take taxis up to 15 times. And some of them travel well into the region."

When it comes to shopping, "during major trade fairs, there are 20 percent more people in the city's stores on each day of the fair," reports Bernd Ohlmann from the local retailers' association. "The stores definitely profit from that."

Money is not just being made in the city of Munich: Some trade-fair guests prefer to stay in hotels and guesthouses as far away as Nuremberg and Salzburg. That was also reflected by a study on indirect profitability published by Messe München in 2014. The figures have been increasing continuously since 2001, when this topic was first examined.



The money that trade-fair customers spend increased from 1.82 billion euros in 2001 to 2.63 billion euros in 2013. Of that, 1.38 billion euros was spent in Munich, 670 million in Bavaria and 580 million in the rest of Germany. Tax revenue increased from 310 million euros in 2001 to 490 million euros in 2013. Of that, 24 million went to the city of Munich, 161 million to the state of Bavaria and 305 million to the federal government.

There is also a direct correlation between increasing purchasing power and the growing percentage of foreign visitors. In 2001, 39 percent of exhibitors and 17 percent of visitors were from countries other than Germany. By 2013, those figures had increased to 49 percent of exhibitors and 33 percent of visitors.

That is attributable to the continuously increasing internationality of Messe München. "We have exported our key trade fairs to the most important growth regions. The effect of that is that more and more visitors and exhibitors from abroad are attending events in Munich," explains Klaus Dittrich. "Making our activities more international is indispensable to maintain the position of our trade fairs in Munich." To promote this trend, Messe München wants to increase the foreign percentage of its sales from 15 to 22 percent by 2016. Klaus Dittrich: "We also see ourselves as a Bavarian ambassador to the world."

Not all of it is a matter of course. That is why a great deal of energy is being expended to maintain and strengthen the position and the economic force of Messe München. "Trade fairs are also seismographs of economic and political developments in the world and of structural changes in various industry sectors," explains Klaus Dittrich. "That is why it is important to be wide awake for developments in specific branches of industry and to be well prepared when the economy isn't doing very well at times."

## The preferences of trade-fair guests

Where do guests attending trade shows and conventions prefer to stay? What do they do at the hotel in the evening? Innegrit Volkhardt, Head of the five-star Hotel Bayerischer Hof, tells all: Whenever a major trade fair takes place, four out of every five guests are visitors attending the fair. In 2014, nearly 130,000 guests from around the world spent the night at the hotel.



## Ms. Volkhardt, do you have a favorite trade fair?

I always look forward to EXPO REAL, BAU, bauma, electronica and even INHORGENTA MUNICH. The guests that we have during these shows are always very lively. Sometimes they stay up late talking at the bar. They spend a lot of time making contacts and laughing. Many of our guests are also from abroad and come with their companies in groups.

## Can you tell the difference between tourists and trade-fair guests?

Mostly it's the ones who travel alone, primarily men, where you can tell that they travel a lot and have experience with hotels. Business people in suits that have concrete demands. They immediately ask about WiFi availability, adapters and international TV stations. The important thing for them is that the room is comfortable and spacious enough, and that the spa and fitness areas are open until 23:00. And of course the bar—which is open until 2:00 or so. And they are willing to pay high prices for comfort and convenience.

## Is that because they don't want to go out after a long day at the fair?

People who travel alone and don't have any friends to visit in the city want to spend an

uncomplicated evening working on their laptops. Or doing something that's good for them: taking a sauna, working out, eating well. Or enjoying their favorite drink at the bar.

## What kinds of drinks do your bar staff mix for international guests?

Guest from the United States love Ketel One; it's a vodka from the Netherlands. Britons drink gin and tonic or gin martini cocktails and, of course, beer. Italians drink white wine and red wine, the Swiss champagne and martini cocktails. And Australians are happy with German products: beer, German fruit brandies, German gins and German vodkas.

## Do you ever see trade guests again—as normal folks visiting Munich?

That definitely happens. Business people come back to visit Munich with their families. If the exhibition had not lured them here in the first place, they might never have come up with the idea in the first place. Many international trade-fair visitors will talk about Munich—and about our hotel—when they get home. They take our name out into the world. Better advertising just doesn't exist.



# ON THE WAY TO THE TRADE SHOW

What visitors and exhibitors do when they come to Munich

They arrive at the airport, take the subway to the exhibition center and then a taxi to their appointments in the city. Guests who attend trade fairs and conventions spend a lot of money in the city and the region. And every one benefits: retailers, hotel operators, wait staff, security, cleaning and stand-building companies, and small handicraft businesses. Exhibitions and conventions have become an important and indispensable economic factor for Munich and the region. We join visitors on their journey and find out how important they are to the regional economy.



The Munich Airport is a hub for a growing number of foreign visitors and exhibitors from around the world. That is why **Michael Kerkloh, Chairman and CEO of Munich Flughafen München GmbH**, appreciates the importance of the exhibition center: "Messe München is an important marketplace and, at the same time, a globally appreciated information and contact exchange. Large international trade fairs in particular, which bring exhibitors and guests from all corners of the world to Munich, cause passenger traffic at the Munich Airport to increase on a regular basis. However, Messe München also profits from our efficient air-traffic hub, which allows visitors from around the world to get to the exhibition venue quickly and directly. Together, the airport, Bavaria's gateway to the world, and Messe München guarantee Munich's quality as a business location and prosperity in Bavaria."



The Riem-Arcaden shopping mall is quick and easy to reach and a good place for visitors to meet. According to **Ivica Pavusek, Center Manager at Riem-Arcaden**: "We notice every trade fair, especially in the food court. Whenever there is a fair, at lunchtime it is almost impossible to find a seat in the mall's twelve eateries, which serve everything from sushi to French fries, and in our three restaurants. They are full of men in suits speaking languages from every country in the world. The stores are definitely fuller, too. The exhibition center is extremely important to us."



When there are trade fairs, the subway provides continuous service. According to **Herbert König, CEO of the Munich Transport Corporation (MVG)**, "the record-breaking trade fair bauma alone brought us some 500,000 additional passengers in 2013. That only works with a record-breaking subway schedule such as during the Oktoberfest. During bauma, subways travel to and from the exhibition center every 3.5 minutes. That's 16,000 seats per hour and 50 percent more than on average days during large-scale events. And we need 65 additional employees on the subway platforms along the U2. During bauma 2013, the subway travelled more than 11,000 kilometers between downtown Munich and the exhibition venue. That calls for some intense preparation—including early maintenance on the fleet. We are prepared to push ourselves to the limits of our capabilities for bauma."

**Werner Forster has been driving a taxi in Munich for 40 years.**



"When international trade fairs take place in Munich, we taxi drivers definitely don't take vacation because they always boost our sales. For us, EXPO REAL is a direct extension of the Oktoberfest. During those three days, we easily earn one-third more than normal.

The salespeople and real-estate agents who come to Munich have plenty of appointments and want to get from place to place as quickly as possible. And they think twice before spending their money. We drive them from the airport to their hotel and then to the trade fair. Then to a restaurant for dinner, and then maybe to another, and then back to the hotel. During the three days of the fair, an EXPO REAL guest can easily spend 500 euros on taxis.

On busy trade-show days, a total of 2,500 taxis are on duty in Munich at the same time, which is 1,000 more than usual. The trips from the hotels generally start at about eight in the morning, and traffic going to the exhibition center can get backed up as much as five kilometers. Drivers who don't want to wait in the long taxi lines at the entrance to the fair and wait at normal taxi stands in the city wait no more than 15 minutes for their next fare instead of half an hour—because there are hardly any taxis there.

At the entrances to the fair, things really take off starting at five in the morning. You could be the 300th taxi in line and still be on your way with a new fare after just 30 minutes."



"If it were up to restaurant owners in the city, there would be a trade fair in Munich every day," says **Lorenz Stiffl, the owner of Spöckmeier and spokesman for the downtown restaurant owners**. "Whether it comes to the Hofbräuhaus, Augustiner, Ratskeller, Brenner or Spöckmeier—after a busy day at the fair, it is difficult to find a place to eat dinner. Thanks to trade-fair guests and exhibitors, our restaurants are booked to 95 percent of capacity, instead of just 75 percent. Add to that the fact that they consume more than normal tourists. After their Schweinsbraten, they still want dessert, a second or third beer and some coffee. Many of them will reserve in advance for large groups and then bring their customers with them."



Munich's "soft" location factors are what make it so special and attractive—especially all the cultural attractions in the city. All theaters, such as the opera, the Residenz-theater and the Kammerspiele, enjoy international reputation. Munich has a diverse music scene, from symphony concerts at the Gasteig or piano concerts at the Herkulessaal to a number of jazz clubs. It has a wide variety of cinemas, and its museums are home to art treasures from the Old Masters to modern art. There are plenty of ways to enjoy the evening after a day at the convention or trade fair.

The salespeople who work in the city notice large-scale trade fairs immediately. That is because the number of customers in the stores increases by as much as 20 percent. **Wolfgang Fischer, Managing Director of CityPartner München**, explains: "Messe München is one of the most important engines for the greater Munich economic region. The tourism, retail and restaurant sectors profit from the enormous appeal of Messe München and conventions at the ICM – Internationales Congress Center München. This is also where you see the various synergy effects between the outstanding exhibition center and our attractive downtown area, which is why both German and international visitors and exhibitors combine their trade-fair experience with a visit to the city. During the highlight trade fairs in particular, the share of visitors and international guests who are downtown increases considerably. That also means significant additional purchasing power for the city's retail businesses. Most visitors focus on clothing including bags, accessories and shoes as well as items such as watches and jewelry."



Hostesses are the first people to welcome guests to the exhibition center. Like **Julia Weillhart, a student**. A native of Munich, Julia studies law in Passau and works as a hostess between semesters to finance her studies. "I started working as a hostess during high school, and I still have a lot of fun. I deal with visitors, exhibitors and other hosts. I already know a few of the exhibitors and hosts, and it's always nice to see plenty of familiar faces. I get a different assignment for each trade fair, so it's never boring."



Trade fairs mean high season for hotels and guest houses. **Conrad Mayer, Regional Chairman of the Bavarian Hotel and Restaurant Association**, explains: "The 530 hotels in the Munich region had 13 million overnight stays in 2014, and nearly one in every five bookings was a Messe München guest. bauma brings half a million guests from 200 countries to the city, and the majority of BAU's approximately 250,000 visitors need hotel rooms. drinktec fills hotel beds shortly before the Oktoberfest lures thousands of tourists to Munich. And EXPO REAL in October and electronica in November mean high season. These days, hotel-room prices are like the stock exchange: they change every hour. During trade fairs, the average price of 108 euros per double room can easily double. Which is one more reason for Munich's hotel operators to love the exhibition center."

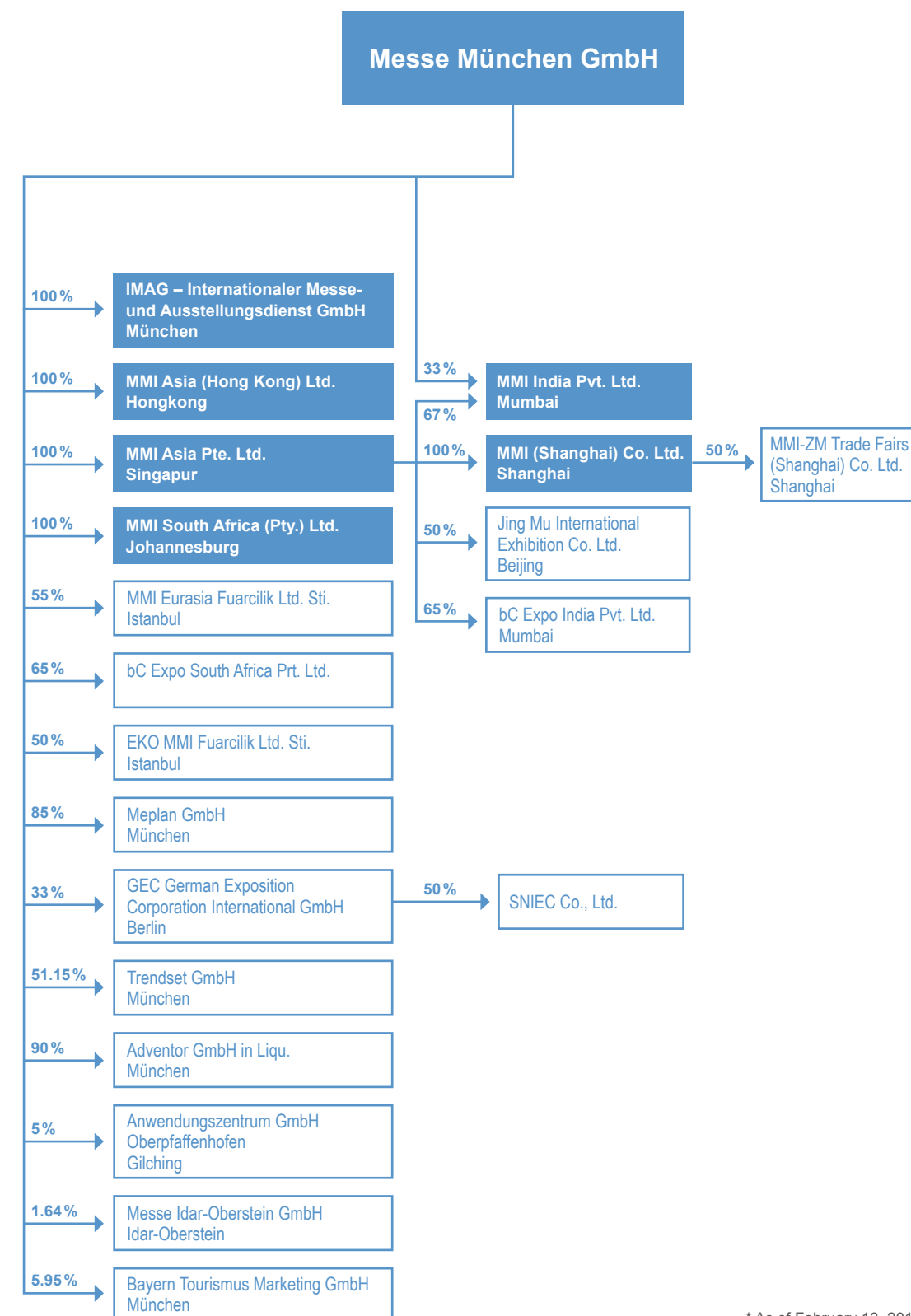






# GROUP STRUCTURE

Messe München GmbH has a strong network also through its subsidiaries and a diverse range of holdings in other enterprises.\*

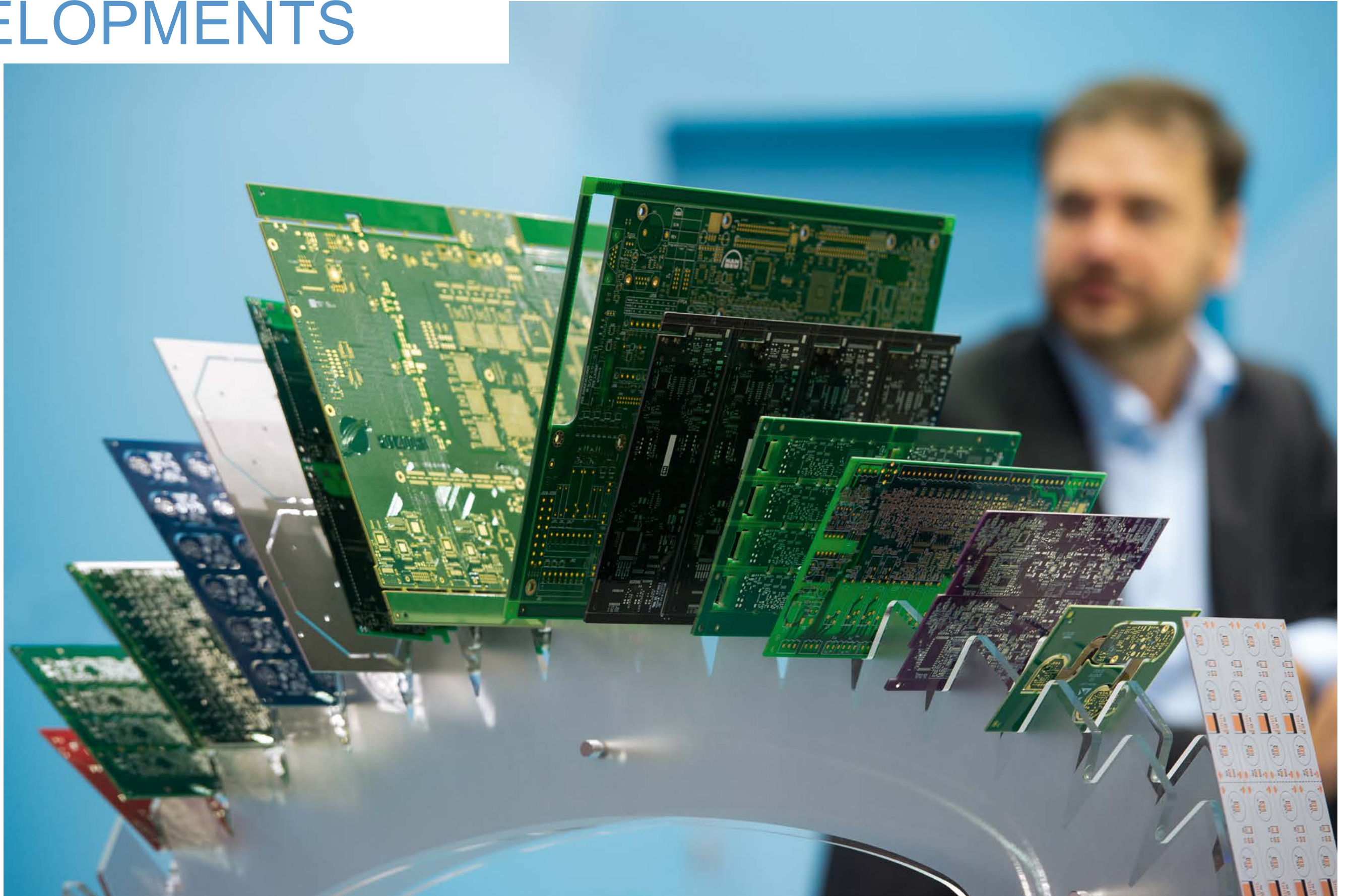


\* As of February 13, 2015



# PERFORMANCE AND DEVELOPMENTS

## 2.









## FROM MUNICH INTO THE MARKETS OF THE WORLD

When it comes to trade fairs, positioning yourself only at your home venue is no longer sufficient. In the age of globalization, exhibitors are anxious to enter rapidly growing markets in other countries as well. Messe München and its subsidiary IMAG provide the support they need.

At present, Messe München sees its greatest growth potential in its business abroad. "We export our key trade fairs to the most important growth regions in the world," says Klaus Dittrich, explaining the company's strategy. In doing so, Messe München is also expanding its position as a leading organizer of fairs and exhibitions at the international level. Exhibitors also benefit from that expansion. More and more of them ask if Messe München can accompany them into other countries because they want to tap international markets for themselves.

As they do, they rely on Messe München's international reputation and know-how. Its global network includes ten associated companies in Europe, Asia and Africa, as well as 67 foreign representatives serving 115 countries.

### IMAG makes going abroad easy

Exhibiting companies can rely on IMAG. The International Trade Fair Service is a 100-percent subsidiary of Messe München. Whether Teheran or Ho Chi Minh City, Dubai or Moscow, Seoul or Algiers—IMAG has been a partner to companies of all sizes that want to reach out to international markets for nearly 70 years. Many of them come from Munich and Bavaria.

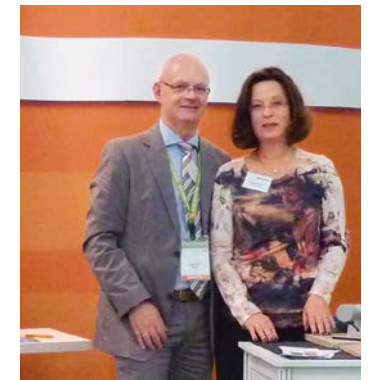
They include companies such as Knorr-Bremse, iwis motorsysteme and F. X. MEILLER Fahrzeug- und Maschinenfabrik in Munich, Webasto Thermo & Comfort SE in Stockdorf and BHS in Sonthofen.

WIMAG also relies on IMAG when participating in trade fairs in other countries. "It is important for us to make contact with potential customers, dealers and sales partners," says Managing Director Gerhard Gressbach. The company, which is based in Lower Franconia, manufactures construction and lifting equipment for concrete components and natural stone.

WIMAG has been an IMAG customer for twelve years. As far as Managing Director Gressbach is concerned, IMAG provides "optimal" service: A freight forwarding company picks up its exhibits and delivers everything to the fair on time.



"We wouldn't be able to participate in foreign exhibitions in Chile, India or South Africa without the security that IMAG's support gives us."



Gerhard Gressbach, Managing Director of WIMAG in Obernburg, relies on IMAG's service when participating in trade fairs.



"We arrive in a foreign country, go to an unfamiliar exhibition center, and everything is perfectly organized and our stand ready to move in," gushes Gressbach: "We wouldn't be able to participate in foreign exhibitions in Chile, India or South Africa without the security that IMAG's support gives us."

This year, WIMAG is participating in BAUMA CONEXPO AFRICA in Johannesburg, and for the first time ever, it is exhibiting at CONEXPO Latin America in Santiago de Chile, where it will be part of the German Pavilion. The joint exhibition stand is being subsidized by the Federal Ministry for Economic Affairs and Energy; that makes participating in the fair much more affordable and reduces the effort required by the exhibitor considerably. IMAG is organizing WIMAG's stand at both trade fairs.

### More than 5,000 international exhibitions

Since it was founded in 1946, IMAG has participated in more than 5,000 international exhibitions. The company is an organizer of shows such as IranConMin in Teheran, for example, but it also serves as co-organizer or sales partner for

renowned trade shows such as Auto Shanghai and Comtrans in Moscow. It also organizes joint exhibition stands on behalf of federal and state ministries. IMAG takes part in some 30 exhibitions in approximately 20 countries each year.

### Being more international increases sales

Our involvement abroad has also had a positive effect on business in Munich. The number of visitors and exhibitors from abroad who attend events in Munich has increased considerably. According to a survey conducted by the Ifo Institute, the share of foreign exhibitors in Munich increased from 39 to 49 percent between 2001 and 2013, and the share of foreign visitors increased from 17 to 33 percent. Being more international is also having an effect on Messe München's sales: Between now and 2016, the company wants to increase the foreign percentage of its sales from 15 to 22 percent—an increase of 50 percent. "Becoming more international is essential if we want to maintain the position of our trade fairs in Munich," explains Dittrich. "We also see ourselves as a Bavarian ambassador to the world."

Among other things, the International Trade Fair Service IMAG organizes Germany's joint exhibition stands that are subsidized by the Federal Ministry for Economic Affairs and Energy.





## RESULTS OF TRADE-FAIR EVENTS IN 2014

2014 trade fair	Exhibitors	Share of foreign exhibitors in %	Visitors	Share of foreign visitors in %	Net space in m <sup>2</sup>
ANALYTICA	1,168	39	35,384	35	28,788
AUTOMATICA	724	32	39,257	32	28,758
ELECTRONICA	2,725	63	73,189	50	83,900
EXPO REAL	1,655	23	34,189	28	37,393
F.RE.E	1,112	43	113,687	2	34,010
IFAT	3,081	44	135,288	45	148,398
INHORGENTA MUNICH	1,136	47	29,355	30	34,129
INTERFORST	451	36	48,879	16	43,044
ISPO MUNICH	2,556	85	81,032	65	109,886
LOPEC	139	49	2,134	48	1,411
MAINTAIN	214	7	13,558	29	5,408
TRENDSET (Summer)	1,104	21	33,312	10	50,000
TRENDSET (Winter)	1,100	16	34,409	10	50,000
HEIM+HANDWERK INCL. FOOD & LIFE	1,092	24	125,728	2	35,450
INTERNATIONALE HANDWERKSMESSE INCL. GARTEN MÜNCHEN	1,007	20	128,918	2	34,930
OPTI	500	46	24,118	26	22,360
Guest events at MOC Veranstaltungszentrum München	7,902	-	345,724	-	-
Guest events at Messe München	5,361	-	294,693	-	-
ICM – Internationales Congress Center München Congresses, conferences, events	-	-	125,000	-	-
POING BUILDING CENTER	55	9	84,793	-	-
<b>Total</b>	<b>33,082</b>	<b>47<sup>1)</sup></b>	<b>1,802,647</b>	<b>32<sup>1)</sup></b>	<b>747,865</b>

1) Foreign share totals only pertain to events organized by Messe München



# ANNUAL FINANCIAL STATEMENTS

# 4.





# MANAGEMENT REPORT AND GROUP MANAGEMENT REPORT 2014

Messe München GmbH, Munich

## I. Performance of Messe München GmbH

The **business activity** of Messe München GmbH remains unchanged and continues to essentially entail the ongoing development, operation and maintenance of the Messe München exhibition center, the ICM – Internationales Congress Center München (hereinafter referred to as “the ICM”) and the MOC Veranstaltungszentrum München (hereinafter referred to as “the MOC”), as well as organizing trade-fair events in Germany and abroad. Special areas of activity (e.g. stand construction) and foreign activities (including sales and holding trade fairs) are conducted through associated companies.

Due to cyclical factors, 2014 was a normal year for **Messe München GmbH** (hereinafter referred to as “MMG”). A total of 1,082,647 visitors attended events at venues in Munich (including the ICM, MOC and the Poing Building Center), and 33,082 exhibitors presented their products and services there. The amount of exhibition space at the exhibition center was rented eleven times over. A total of 17,165 exhibitors and 673,673 visitors took part in **Messe München events**, and 517,502 m<sup>2</sup> of stand space was rented.

Messe München's self-organized events held in Munich continue to develop better than the market average. According to preliminary data provided by AUMA (Association of the German Trade Fair Industry), the **German exhibition sector** experienced mild growth in 2014. The **number of exhibitors** increased by approximately 1 percent compared to the last time that the same events were held. At 3.9 percent, the increase in the number of exhibitors at Messe München events compared to the previous events was much stronger. Throughout Germany, the three percent increase in the **number of participants from abroad** was once again stronger than the increase in the number of domestic participants. At Messe München events, the number of participants from abroad increased by an impressive 7.5 percent. The amount of **rented stand space** at events across Germany in 2014 remained constant compared to the last time that the same events were held. However, the amount of rented stand space at Messe München

events increased by 3.8 percent. The number of **visitors who attended trade fairs** throughout Germany increased by 1 percent, whereas attendance at Messe München events was up by 7.6 percent. As a result, Messe München was able to increase its market share again in 2014.

At the same time, **SPEED**, the efficiency and growth program that management introduced in 2010 and has further developed ever since continued to contribute to the company's growing success. The program focuses on the company's higher efficiency in the form of increasing sales combined with strict cost discipline. In addition, the company's growing involvement abroad has resulted in disproportionate increases in the number of foreign companies participating in events compared to the German trade-fair market in general.

In keeping with the resolution to **realign the company pension scheme** that the Supervisory Board passed in June 2014, management was able to make an offer to employees who are not covered by a pension-plan solution from the “Zusatzversorgungskasse der bayerischen Gemeinden” (ZVK) during the second half of the year. This is an important factor when it comes to increasing the company's appeal as an employer and also initiated a significant change in the system. The previous pension entitlement through the ZVK expires in the next few years. By establishing a new model in the form of a defined-contribution scheme, Messe München has created a modern company pension system that reduces future financial risk for the company and also cuts costs considerably. As a result, it helps to secure the future both of the employees and the company. The key element in the employer-financed company pension solution is the premium matrix. On the one hand, it rewards employees for the length of time that they have been with the company and promotes employee loyalty. On the other, it also rewards individual performance, in that the monthly contribution is calculated based on salary. In February, the “Messe München Altersvorsorge Plan” (Messe München Pension Plan) was awarded the German bAV Prize 2015 in the category “SMEs”.

All in all, Messe München can look back on a successful year in 2014. Most of the fairs held managed to increase visitor and exhibitor numbers as well as their internationality and, in some cases, to considerably exceed planned estimates.

As in previous years, **ISPO MUNICH** occupied all of the hall space at the exhibition grounds. It set a new record for the number of exhibitors with a total of 2,556 exhibitors (+ 5%) from 48 countries. Approximately 81,000 trade visitors from 123 countries solidified ISPO MUNICH's role as the world's leading platform for the entire sporting goods and fitness sector. 65 percent of trade visitors were from countries other than Germany.

Despite the strained situation in the industry, **INHORGENTA MUNICH** 2014 managed to confirm its significance as the leading international trade fair for affordable luxury with 1,136 exhibitors (–5%) from 42 countries. More than 29,000 trade visitors (–1%) from 84 countries took advantage of INHORGENTA as an order and communication platform for manufacturers and specialty retailers of jewelry, watches and accessories.

**f.re.e**, the Fair for Travel and Leisure, was larger than it was in 2013 with 1,112 exhibitors (+ 3%) from 59 countries and just less than 114,000 visitors (+ 2%). The amount of rented exhibition space increased by six percent to nearly 27,000 m<sup>2</sup>.

A total of 1,168 exhibitors (+ 14%) from 40 countries presented their product innovations in the sectors for laboratory technology, analysis and biotechnology at **analytica**, which takes place every two years. Despite the pilots' strike, more than 35,000 trade visitors (+ 16%) from 116 countries came to Munich.

A total of 3,081 (+ 5%) exhibitors from 59 countries and more than 135,000 trade visitors (+ 9%) from 168 countries set a new record at **IFAT**, which also takes place every two years. The world's leading trade fair for environmental technology occupied all of the halls at the exhibition center.

139 exhibitors from 18 countries participated in **LOPEC**, International Exhibition and Conference for Printed Electronics. 2,134 participants (+ 13%) from 40 countries participated in LOPEC at the ICM.

More than 39,000 trade visitors (+ 32%) from 100 countries attended **AUTOMATICA** 2014. A total of 724 exhibitors (+ 6%) from 42 countries took advantage of the world's leading platform to present their innovations for automating production processes.

For the first time ever, **maintain**, which used to take place at the MOC, was held at the Munich-Riem exhibition venue in parallel with **AUTOMATICA**. A sharp increase in the number of visitors (13,558, + 303% compared to the previous event) as well as the number of exhibitors (214, + 6%) confirmed that relocating the trade fair for industrial maintenance was a good decision.

491 exhibitors (+ 9%) from 27 countries and some 49,000 trade visitors (–2%) from 72 countries made **INTERFORST**, which takes place every four years, a great success. The amount of rented stand space in two halls at the leading trade fair for forestry increased by 15 percent to approximately 40,000 m<sup>2</sup>, and some 35,000 m<sup>2</sup> of outdoor exhibition space was used to present forest-technology innovations.

The number of participants at **EXPO REAL**, the International Trade Fair for Property and Investment, increased to 36,900, an increase of some 2.5 percent compared to the previous year. Most of that increase was attributed to participants from abroad. At 1,655, the number of exhibitors was at the same level as last year.

A total of 2,725 exhibitors (+ 2%) from 52 countries presented their products and technologies to more than 73,000 visitors from 90 countries at **electronica**. The world's largest gathering for the electronics industry celebrated its 50<sup>th</sup> anniversary in 2014, as did Messe München. Several hundred participants attended the conferences held in conjunction with **electronica**, such as the IT2Industry Conference, the embedded platforms conference, and the **electronica automotive** conference.

According to the organizers' statistics, a total of nearly 295,000 visitors attended **guest events** at the Messe München exhibition center (does not include events organized by Gesellschaft für Handwerksmessen). The amount of gross exhibition space rented to guest-event organizers increased to 468,000 m<sup>2</sup>, an increase of 20 percent compared to last year.

The trade fairs that Gesellschaft für Handwerksmessen holds at the exhibition center in Munich recorded a successful year in 2014. At **opti**, the International Trade Show for Optics and Design, 500 exhibitors welcomed more than 24,100 trade visitors from 83 countries. The **Internationale Handwerksmesse** and its more than 1,000 exhibitors from 27 countries attracted almost 129,000 visitors to the fair. And at **HEIM+HANDWERK** (including **FOOD & LIFE**), some 126,000 visitors kept business booming for 1,092 exhibitors from 33 countries.

The **ICM** surpassed expectation with 85 events, some 125,000 visitors and record sales in 2014. Among other things, the ERS



Congress, the largest European congress for respiratory specialists, which occupied the entire ICM and four exhibition halls, contributed to these outstanding results. However, successfully marketing additional services through intense consultation with customers also helped to surpass sales expectations.

The MOC Veranstaltungszentrum was also well booked the entire year and hosted 95 events with a total of more than 345,000 visitors. In 2014, new events such as the fashion trade fair Premium and the "jobbörse" jobs fair joined long established regular customers such as the MUNICH FABRIC START fabric show and HIGH END, the trade fair for high-quality consumer electronics. The MOC Ordercenter continued to be very successful with a tenancy rate of 99%.

Some 85,000 visitors came to the POING BUILDING CENTER, Bavaria's largest model home exhibition, to gather information in 55 fully furnished model homes and at a series of lectures about innovative offers and solutions in the sector for building and lifestyle.

## II. Performance of the Group

Above all due to **bauma China**, which took place in keeping with its rotation schedule, 2014 was a strong year for MMG's investment companies in Asia, given the calendar of events.

Once again, **ISPO BEIJING** proved that it is the most important platform for the sporting-goods business in Asia. A total of 431 exhibitors (+ 4%) presented their products and innovations to nearly 30,000 trade visitors (+ 6%) at the China National Convention Center in Beijing.

Under the direction of MMI India, **Indian Ceramics** took place in Ahmedabad for the first time in February. With 122 exhibitors and more than 5,500 visitors, it celebrated an extremely successful debut.

**electronica & productronica China** grew considerably compared to the previous year's exhibition with 868 exhibitors (+ 29%)

from 18 countries and approximately 51,500 visitors (+ 9%) from 43 countries.

In March, Messe München organized the first **food & drink technology Africa** in Johannesburg with 84 exhibitors and 1,100 trade visitors.

**seismic safety** in Istanbul also celebrated its premiere. A total of 90 exhibitors and more than 1,500 visitors came to the new trade fair for earthquake safety.

**IE expo**, which is organized by a joint venture between MMI Shanghai and Shanghai ZM International Exhibition Co. Ltd., occupied four halls at the Shanghai New International Expo Centre (SNIEC). The fair attracted 880 exhibitors (+ 6%) from 23 countries and more than 38,000 visitors (+ 31%) from 69 countries. As a result, IE expo strengthened its leading position among environmental trade fairs in China and Asia.

Our collaboration with Chinese partner China National United Equipment Group Corp. to organize **CHINA BREW CHINA BEVERAGE**, which started in 2012, continued its success in 2014. A total of 708 exhibitors and more than 52,000 visitors came to China's largest trade fair for the beverage industry at the China New International Exhibition Center in Beijing in September.

Once again, **bauma China**, which was held on the grounds of the SNIEC in Shanghai at the end of November, surpassed all expectations. Despite the difficult situation facing the market and the construction-machinery industry, the number of exhibitors increased by 14 percent to 3,098, and the number of visitors increased by 7 percent to some 190,000. Once again, all 300,000 square meters of the trade-fair center in Shanghai was book to capacity.

The third edition of the **BAUMA CONEXPO SHOW – bC INDIA**, which is organized in conjunction with the US-based Associa-

Key figures for the financial year 2014 where as follows:

	2014	PREVIOUS YEAR
Sales, Messe München GmbH	EUR 223.7 million	EUR 309.5 million
Profit/loss for year before shareholder loan interest	EUR 30.4 million	EUR 37.0 million
EBITDA	EUR 68.8 million	EUR 112.9 million
Group sales	EUR 309.4 million	EUR 353.0 million
Consolidated net profit for year	EUR 25.7 million	EUR 3.2 million
Group EBITDA	EUR 106.7 million	EUR 120.1 million
Exhibitors at Messe München (MMG events)	17,165	20,381
Visitors at Messe München (MMG events)	673,673	1,289,179
Total occupied exhibition space MMG	2,230,447 m <sup>2</sup>	2,724,250 m <sup>2</sup>

tion of Equipment Manufacturers (AEM), attracted 634 exhibitors from 25 countries and more than 26,000 trade visitors in December, further strengthening its market position.

Positive development of the Shanghai New International Expo Centre (SNIEC), in which MMG holds a 16.6% interest through GEC GmbH, continued unabated again in 2014.

MMG's subsidiaries **IMAG** und **MEPLAN** posted positive year-end results for 2014.

**Trendset GmbH**, in which MMG has held a majority interest since 2012, organizes TRENDSET MIT BIJOUTEX at the exhibition center in Munich twice a year. As in the past, both events continue to see positive development. Trendset GmbH achieved a net profit for the year in 2014.

## III. Key financial and non-financial performance indicators

To manage the company, extensive reporting is conducted at both the company and Group levels as well as for the various exhibitions. All actual and forecast data for the remainder of the financial year (sales, expenses, investments) of MMG and its participating interests are recorded and compared to target values on a quarterly basis. In addition, key figures for each individual event regarding factors such as customer satisfaction, profitability on a contribution-margin basis, foreign participation, etc. are ascertained and compared to the figures for previous events and the target values. The control of projects is supported by SAP in the form of cost-unit accounting, and control of the central departments takes place on a cost-center basis.

## IV. Situation of the company and the group

### a) Earnings situation of Messe München

The company considerably surpassed the sales and earnings targets that were planned for 2014. Sales revenue was EUR

223.7 million. As in the previous year, the company achieved break-even results for the year. Once again, Messe München is able to pay interest on loans to its shareholders—i.e. the City of Munich and the State of Bavaria. After paying EUR 37.0 million in interest for 2013, EUR 30.4 million will be paid to shareholders for 2014.

**Sales revenue** amounted to EUR 223.7 million (2013: EUR 309.5 million), while expenses that were directly attributable to events totaled EUR 85.8 million (2013: EUR 114.5 million). Therefore, the event-related result was EUR 137.9 million (2013: 194.9 million).

The **other operating income** of EUR 16.9 million (2013: EUR 1.9 million) resulted mainly from the release of provisions. The release of provisions that were established to revise the company pension scheme in the amount of EUR 14.2 million constituted a special item.

The average number of employees increased from 603 to 621 employees. **Personnel expenses** decreased from EUR 45.9 million the previous year to EUR 43.4 million due to lower expenses for the company pension plan.

The **depreciation and amortization** of tangible and intangible fixed assets remained practically unchanged at EUR 34.8 million (2013: EUR 34.1 million).

**Other operating expenses** were EUR 38.1 million (2013: EUR 62.3 million—special item: Provision established for pension plan, see above). They essentially comprised expenses for construction activity in the form of renovation and maintenance work.

**Interest expenditures** decreased by EUR 16.3 million compared to the previous year to EUR 37.8 million. This decrease is predominantly due to somewhat lower interest payments made on shareholder loans, considerably lower interest payments on loans granted by third parties, and prepayment interest incurred as the result of debt restructuring.



EUR 1.7 million in [income tax](#) was incurred during financial year 2014. Other taxes refer mainly to real-estate tax and lump-sum payroll tax.

#### b) Financial situation of Messe München

The balance-sheet total decreased from EUR 1,102 million to EUR 1,045 million. On the [asset side](#), fixed assets decreased by EUR 24.3 million to EUR 961 million. Current assets decreased by EUR 32.3 million to EUR 83.0 million. That is primarily due to a EUR 66.1 million decrease in the amount of cash at banks.

On the [liabilities side](#), shareholders' equity remained unchanged at EUR 185.4. Liabilities to banks decreased by EUR 41.2 million to EUR 195.0 million. Other provisions decreased from EUR 71.4 million to EUR 34.3 million. Due to cyclical factors, advance payments on orders received from customers increased by EUR 26.0 million to EUR 49.3 million.

Once again, liquidity was secured at all times during fiscal year 2014. Cash and cash equivalents decreased by EUR 32.4 million. The decrease in cash and cash equivalents was primarily due to the strong year in trade fairs and exhibitions in 2013.

#### c) Situation of the Group

External sales of the consolidated investment companies in the Group amounted to EUR 69.7 million, which is considerably higher than previous year's level (EUR 35.3 million) because the BAUMA CHINA exhibition, which is held in Shanghai every two years, took place in 2014. The Group recorded a consolidated net profit of EUR 25.7 million (2013: 3.2 million). The consolidated result was primarily due to the results of MMI (Shanghai) Co., Ltd. The results of the Group's domestic investment companies MEPLAN and IMAG are included in the profit and loss account of MMG through profit and loss transfer agreements, whereas the results of Trendset and GEC are included in the form of distributions.

The Group's financial situation is determined essentially by the situation of Messe München described above.

#### V. Supplementary report

No events of major importance occurred after the end of the financial year.

#### VI. Opportunities and risks for future development and risk management

A risk management system is in place at MMG. It is used to record developments that are relevant to Messe München and its subsidiaries. Necessary corrective action and countermeasures can be initiated at any time.

The general risk situation is reanalyzed and evaluated each year. The general risk situation remained essentially unchanged compared to the previous year. Property and liability insurance policies with reasonable deductibles have been taken out to protect the company against the usual business risks. No provisions have been made for risks that are extremely unlikely (e.g. earthquakes), but which can be included in comprehensive building insurance, or for risks that can be covered separately (e.g. terrorism, expropriation of assets abroad).

The greatest [economic risks](#) remain the economic consequences of the Ukraine crisis, which also resulted in a stagnation of the German economy in the summer semester of 2014, and the possible rekindling of the European financial crisis if the Greek government does not manage to consolidate its national budget through effective reform policies. In the event of an economic downturn, one would expect it to impact trade-fair business because, as a rule, when there is a decline in orders, companies also reduce their expenditures for participating in trade fairs. Overall, the European economy has gotten noticeable growth stimulus that will at least have an effect in the short and medium term due to falling oil prices and the favorable euro exchange rate.

Based on current forecasts, several trade fairs (BAU, BAUMA, ISPO and IFAT) are already reaching the [total capacities of the exhibition facility](#). These fairs are also expected to continue growing in the long term. However, if corresponding demand for space cannot be met, it could result in a loss of substance for exhibitors and could even prompt individual topics to "spin off" and reestablish themselves at other trade-fair venues. MMG plans to counter this development by building two new halls, i.e. Halls C5 and C6.

General economic pressure is intensifying [competition](#) for theme-related events, guest events and congress events as well as for purchasing trade fairs. Organizers of guest events and congress events are increasingly being offered deals at dumping prices in which rental fees for space are becoming increasingly lower. Despite tougher competition for guest events, Messe München performed very well in this area again in 2014.

Additional opportunities are expected to emerge within the scope of the SPEED efficiency and growth program, e.g. as the result of growth in existing and new markets at home and abroad, improving service quality and customer orientation and increasing efficiency and innovative strength.

It may be possible to increase the amount of exhibition space occupied by [leading trade fairs](#) through the ongoing development of existing and/or the addition of new themes. The domestic and international portfolio of Messe München should also be expanded through more strategic acquisitions.

To increase efficiency, the Management Board of Messe München decided in 2013 to standardize, optimize and automate procedures in customer and exhibitor management which, until then, were generally performed manually and differed in each Exhibition Management Team. The ["Business to IT"](#) initiative was established to implement this program effectively and efficiently. It includes more than 20 individual projects, and a set of specifications to continue the project was finalized in

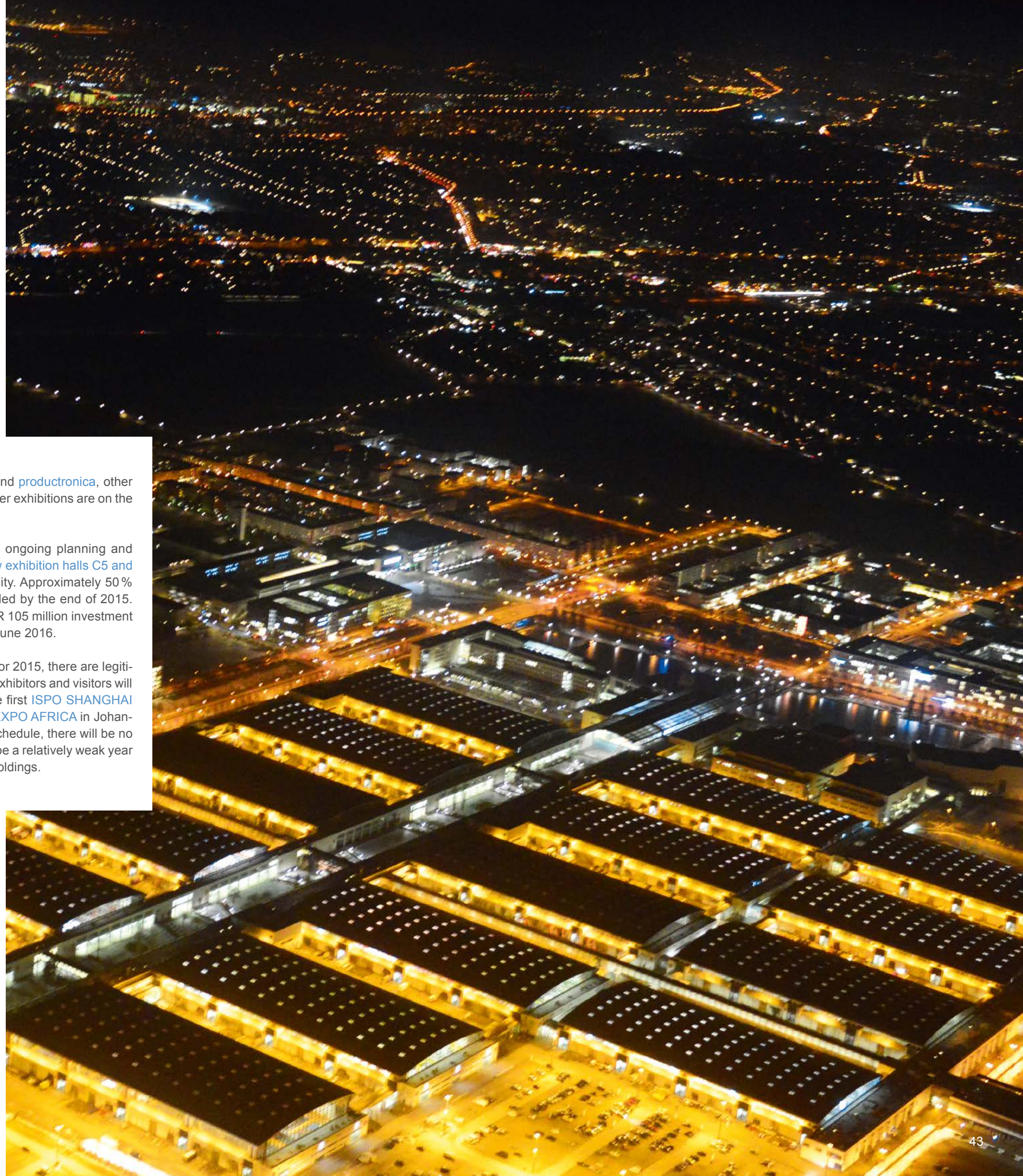
2014. The first measures such as introducing a new web shop system for BAU 2015 and LASER 2015 have already been implemented.

By realigning the [company pension plan](#) in 2014 and due to an acceptance rate of 99.9% of entitled employees, we have managed to almost completely eliminate a considerable financial risk (even though it was secured by appropriate provisions). As a result, the potential risk of employees who did not have a pension plan until now asserting claims has been largely eliminated.

MMG has a compliance organization that includes an internal compliance director, an internal compliance officer, and an external ombudsman. It is intended to ensure adherence to the Compliance Policy, which contains the most important codes of conduct and went into effect at the same time. Besides exposing improprieties and bringing about a response, it also includes preventative measures for ensuring that existing internal systems to avoid infringements are functioning properly and recommending improvements if necessary. A description of the compliance management system was compiled in 2014. The basic elements of the compliance management system (culture, objectives, organization, risks, program, communication, monitoring and improvement) are explained in detail in this description. The compliance system will continue to be optimized in 2015, particularly with regard to the company's business holdings abroad.

As far as the [company's investments](#) are concerned, there are currently some minor risks due to the current phase of economic weakness in various threshold countries as well as exchange rate adjustments, some of which are strong. They have affected our subsidiaries and associated companies in India, South Africa and Turkey. MMI India, MMI South Africa and nC Expo South Africa are reporting negative year-end results. This development could lead to MMI India, bc Expo India and MMI Eurasia needing additional capital.





bauma China, on the other hand, is developing into the world's second largest trade fair in terms of exhibition space. With a contribution margin (DB1) of some EUR 32 million, financially it is now one of the most important trade fairs in the MMG Group portfolio. MMG received its third dividend payment from the Shanghai New International Expo Centre (SNIEC) amounting to EUR 3.5 million, through its investment company GEC in 2014. Due to its high profits, MMI Asia Pte. Ltd. in Singapore also achieved a positive result of some EUR 10.8 million.

MEPLAN continued doing a good job at holding its own in the increasingly competitive stand-building business and, like IMAG and Trendset GmbH, posted positive year-end results in fiscal year 2014.

#### VII. Outlook

For cyclical reasons, 2015 is expected to be another normal year for Messe München. Sales of approximately EUR 213 million and break-even results are expected.

The company got off to a successful start in 2015 with two large-scale shows, i.e. BAU and ISPO MUNICH. BAU, the company's first major event of the year, set some new records. A total of 254,441 trade visitors attended the Leading International Trade Fair for Architects, Materials and Systems, a nine-percent increase over the 2013 fair. The number of foreign visitors increased by an impressive 25 percent to more than 75,000. Once again, 2,015 exhibitors ( $\pm 0\%$ ) occupied all 16 halls of the trade-fair center.

For the fourth year in a row, ISPO MUNICH also occupied all exhibition halls. A total of 2,585 exhibitors (+ 1%) participated in the international trade fair for the sporting goods industry on some 105,000 m<sup>2</sup> of net space. There were more than 83,000 trade visitors from over 130 countries, an increase of more than two percent over the previous event.

With [transport logistic](#), [EXPO REAL](#) and [productronica](#), other major, rapidly growing and high-turnover exhibitions are on the Messe München calendar in 2015.

The year 2015 will be dominated by ongoing planning and preparation for [construction of the new exhibition halls C5 and C6](#), including a small conference facility. Approximately 50% of building contracts should be awarded by the end of 2015. Construction of the approximately EUR 105 million investment in the future is scheduled to begin in June 2016.

Given the foreign trade fairs planned for 2015, there are legitimate expectations that the number of exhibitors and visitors will be high, particularly in the case of the first [ISPO SHANGHAI](#) in July and the second [BAUMA CONEXPO AFRICA](#) in Johannesburg. In keeping with its rotation schedule, there will be no [bauma China](#), so 2015 is expected to be a relatively weak year for Messe München's foreign equity holdings.

Munich, March 31, 2015

The Management



# CONSOLIDATED BALANCE SHEET

as of 31 December 2014  
Messe München GmbH

ASSETS	31 DEC. 2014 EUR	PREVIOUS YEAR TEUR
<b>A. Fixed assets</b>		
I. Intangible fixed assets	6,555,736.16	4,387
II. Tangible fixed assets	939,923,521.18	965,160
III. Investments	19,316,684.41	17,764
	965,795,941.75	987,311
<b>B. Current assets</b>		
I. Stocks		
1. Raw materials and supplies	105,464.02	110
2. Work in progress	2,694,594.62	2,349
3. Finished goods and merchandise	26,622.69	43
4. Advance payments	285,549.31	691
	3,112,230.64	3,193
II. Receivables and other assets		
1. Trade receivables	13,325,163.05	9,810
2. Receivables from associated companies	333,193.24	1
3. Receivables from investment companies	152,963.17	180
4. Other assets	5,739,236.71	5,657
	19,550,556.17	15,648
III. Cash in hand, cash at banks	162,480,313.75	159,332
	185,143,100.56	178,173
<b>C. Prepaid expenses and deferred charges</b>	2,894,305.92	3,221
	<b>1,153,833,348.23</b>	<b>1,168,705</b>
<b>EQUITY AND LIABILITIES</b>	<b>31 DEC. 2014 EUR</b>	<b>PREVIOUS YEAR TEUR</b>
<b>A. Capital and reserves</b>		
I. Capital subscribed	248,656,580.58	248,656
II. Capital reserves	79,930,110.21	79,930
III. Other revenue reserves	61,267.30	61
IV. Goodwill set off against revenue reserves in previous years	-1,775,304.60	-1,775
V. Currency differences	5,821,404.17	851
VI. Consolidated accumulated loss	-71,118,760.84	-96,811
VII. Minority interests	891,350.96	837
	262,466,647.78	231,749
<b>B. Shareholder loans</b>	520,755,022.66	520,755
<b>C. Provisions</b>		
1. Provisions for pensions and similar liabilities	10,280,154.00	9,697
2. Provisions for taxation	16,243,240.32	5,826
3. Other provisions	36,360,994.75	73,392
	62,884,389.07	88,915
<b>D. Liabilities</b>		
1. Bank loans and overdrafts	195,048,156.22	236,197
2. Advance payments received from customers	65,217,034.80	38,967
3. Trade liabilities	14,199,365.66	12,299
4. Liabilities to shareholders	30,420,853.08	37,056
5. Other liabilities	2,841,878.96	2,284
	307,727,288.72	326,803
<b>E. Deferred income</b>	0.00	483
	<b>1,153,833,348.23</b>	<b>1,168,705</b>

# CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the business year from January 1 to December 31, 2014  
Messe München GmbH

	2014 EUR	PREVIOUS YEAR TEUR
1. Sales	309,368,439.22	352,999
2. Change in work in progress	345,746.55	-2,612
3. Other operating income	19,068,980.48	3,816
	328,783,166.25	354,203
4. Event expenses	-122,428,581.20	-135,109
5. Personnel costs		
a) Wages and salaries	-44,835,939.21	-44,362
b) Social security contributions and pension and support costs of which pension costs EUR 1,809,273; previous year TEUR 4.547	-9,519,664.93	-11,599
6. Amortization of intangible fixed assets and depreciation of tangible fixed assets	-35,731,207.59	-34,782
7. Other operating expenses	-42,626,792.34	-66,179
	73,640,980.98	62,172
8. Income from participating interests	195.00	65
9. Result from participating interests in associated companies	4,857,820.58	3,535
10. Other interest and similar income	2,057,478.09	1,493
11. Depreciation on financial assets	0.00	0
12. Interest and similar expenses of which to shareholders EUR 30,386,427.31; previous year TEUR 37,042 of which interest accrued for long-term provisions: EUR 499,367.00; previous year TEUR 508	-37,862,939.99	-54,178
	-30,947,446.32	-49,085
<b>13. Profit on ordinary activities</b>	42,693,534.66	13,087
14. Taxes on income	-11,958,303.14	-5,744
15. Other taxes	-4,323,919.66	-3,066
<b>16. Consolidated net result income for the year before minority interests</b>	26,411,311.86	4,277
17. Minority interests' share of result	-718,964.28	-1,116
<b>18. Consolidated net income for the year</b>	25,692,347.58	3,161
19. Consolidated accumulated loss in previous year	-96,811,108.42	-99,972
<b>20. Consolidated accumulated loss</b>	-71,118,760.84	-96,811



# IMPRINT

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