

Messe München

PAVING THE WAY

2016 ANNUAL REPORT
EXECUTIVE SUMMARY



Connecting Global Competence

KEY FIGURES 2016

		2016 ¹⁾	2015	2014	2013
Available hall space, Messe München	sq. ft. in m.	1.94	1.94	1.94	1.94
Available open-air space, Messe München	sq. ft. in m.	4.57	4.57	4.57	4.57
Available exhibition space, MOC Veranstaltungszentrum München	sq. ft.	402,000	402,000	402,000	402,000
Trade fairs and exhibitions in Munich ²⁾		16	13	13	16
Guest events		178 ³⁾	206	202	203
Messe München's own events abroad		26	21	22	17
Gross space ⁴⁾	sq. ft. in m.	29.79	24.30	24.0	29.32
Turnover ratio ⁵⁾		13	11	11	13
Net space (rented) ⁶⁾	sq. ft. in m.	12.64	8.24	8.05	12.60
Total number of exhibitors in Munich		37,218	33,772	33,082	36,400
Exhibitors from abroad at Messe München's own events in Munich		10,560	7,377	7,989	9,659
Total number of exhibitors at Messe München's own events abroad		12,976	7,239	11,159	6,588
Total number of exhibitors in Munich and abroad		50,194	41,011	44,241	42,988
Total number of visitors in Munich		2,438,785	1,942,259	1,802,647	2,313,701
Visitors from abroad at Messe München's own events in Munich		454,190	227,663	214,917	450,117
Total number of visitors at Messe München's own events abroad		654,738	343,753	588,033	299,183
Total number of visitors in Munich and abroad		3,093,523	2,286,012	2,390,680	2,612,884
Sales Messe München GmbH	million EUR	337.7	230.2	223.7	309.5
Group sales	million EUR	428.1	277.4	309.4	353.0
EBITDA Messe München GmbH ⁷⁾	million EUR	114.2	83.6	68.8	112.9
Employees Messe München GmbH ⁸⁾		708	656	621	603
Group employees ⁹⁾		1,045	968	898	842

Due to extreme differences in the number and structure of the 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 the ICM – Internationales Congress Center München), at Bauzentrum Poing and at the MOC Veranstaltungszentrum München

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

3) 93 guest events at the exhibition center (of these, 74 at the ICM), 85 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 exhibition grounds) including approx. 5% special show space; excluding the ICM – Internationales Congress Center München, guest events and Bauzentrum Poing

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

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

RESULTS OF TRADE-FAIR EVENTS IN 2016

ABROAD

Trade-fair event 2016 abroad	Exhibitors	Percentage of exhibitors from abroad	Visitors	Percentage of visitors from abroad	Net space in sq. ft.
ANALYTICA ANACON INDIA & INDIA LAB EXPO	233	18	7,042	–	46,600
ANALYTICA CHINA	846	15	24,582	6	178,900
BAU CONGRESS CHINA	71	–	4,511	2	37,800
BAUMA CHINA	2,958	29	168,976	13	1.58 in m.
BAUMA CONEXPO INDIA	647	58	32,644	–	441,000
CHINA BREW CHINA BEVERAGE (CBB)	800	33	53,183	5	452,000
CTL IN COOPERATION WITH TRANSPORT LOGISTIC	82	5	3,500	–	53,800
CTT MOSCOW	524	43	21,000	–	420,600
DTI INDIA – DRINK TECHNOLOGY INDIA	146	38	12,100	2	36,600
ELECTRONICA CHINA + PRODUCTRONICA CHINA	1,088	9	61,455	4	302,100
ELECTRONICA INDIA + PRODUCTRONICA INDIA	452	49	17,968	2	80,200
ELECTRONIC ASIA	317	66	28,818	62	37,400
FDT AFRICA – FOOD & DRINK TECHNOLOGY AFRICA	86	47	1,723	7	13,500
IE EXPO GUANGZHOU	301	–	19,923	–	107,600
IE EXPO CHINA	1,303	24	42,208	1	312,000
IFAT INDIA	143	54	5,187	4	25,900
INDIAN CERAMICS	244	54	6,365	12	59,400
ISPO BEIJING	490	27	38,600	2	–
ISPO SHANGHAI	470	–	14,593	5	117,300
LASER WOP CHINA	801	18	45,528	5	209,500
LASER WOP INDIA	159	62	7,182	–	22,000
LOGITRANS ISTANBUL	180	39	13,500	–	–
SESA BUILD	33	45	800	1	14,600
TRANSPORT LOGISTIC CHINA	602	35	23,350	6	168,100
Total	12,976	29	654,738	8	4.72 in m.

Only brand-name fairs of Messe München

RESULTS OF TRADE-FAIR EVENTS IN 2016

IN MUNICH

Trade-fair event 2016 in Munich	Exhibitors	Percentage of exhibitors from abroad	Visitors	Percentage of visitors from abroad	Net space in sq. ft.
ANALYTICA	1,244	45	35,002	37	312,700
AUTOMATICA	833	35	43,052	35	362,100
BAUMA	3,425	63	583,736	41	4.54 in m.
DIE 66	475	15	48,500	–	118,400
ELECTRONICA	2,912	67	73,451	52	960,100
EXPO REAL	1,768	23	34,865	30	424,000
F.RE.E	1,184	42	126,339	2	364,400
IFAT	3,097	45	136,885	48	1.6 in m.
INHORGENTA MUNICH	921	43	26,116	30	284,600
ISPO MUNICH	2,645	87	81,368	66	1.18 in m.
IT2INDUSTRY@AUTOMATICA	44	11	5,200	–	5,963
IT2INDUSTRY@ELECTRONICA	11	9	3,000	34	3,961
LOPEC	148	47	2,095	46	16,000
MAINTAIN	145	12	1,943	17	30,000
TRENDSET SOMMER	1,100	21	30,753	10	592,000
TRENDSET WINTER	1,042	20	38,502	14	538,200
FARBE, AUSBAU & FASSADE	436	26	41,435	14	269,600
HEIM+HANDWERK INCL. FOOD & LIFE	1,140	21	135,241	2	388,000
IHM INCL. GARTEN MÜNCHEN	991	18	130,527	2	386,900
OPTI	577	52	27,339	28	269,700
Bauzentrum Poing	58	7	84,879	–	–
Guest events, Messe München	4,958	–	221,948	–	–
Guest events, MOC Veranstaltungszentrum München	8,064	–	403,109	–	–
ICM – Internationales Congress Center München	–	–	123,500	–	–
Total	37,218	50¹⁾	2,438,785	36¹⁾	12.64 in m.

1) The percentages of exhibitors and visitors from abroad relate only to Messe München's own events

CONTENTS

MESSE MÜNCHEN

- 02 Key figures in 2016
- 03 Results of trade-fair events in 2016
- 06 Foreword by the Supervisory Board
- 08 Foreword by the Management Board
- 10 Milestones
- 12 Trade-fair highlights
- 20 MEPLAN
- 21 IMAG
- 22 Shareholding structure

ANNUAL FINANCIAL STATEMENTS

- 23 Annual financial statements
- 52 Imprint



LORD MAYOR
DIETER REITER

“Messe München stands for excellent trade-fair policies. With its great success, it helps the entire region to prosper.”



A GUIDING LIGHT FOR ALL OF GERMANY

Messe München achieved some marvelous successes in the year 2016: with a first-time annual sales volume of over 400 million euros, a new record was established. The company thus occupies a leading position in the global competition among trade-fair organizers and is a guiding light for Munich and Germany as a whole. As a magnet to national and international exhibitors and visitors, Messe München creates jobs and sales revenues far beyond the company itself, contributing substantially to Bavaria's success as a business location.

The company's professionalism has been demonstrated by the successful realization of trade shows such as ISPO, bauma, IFAT

and electronica. The dynamism of Messe München was also reflected in two particular occasions during the year 2016: in June came the first cut of the spade for the two new halls C5 and C6 and the future Conference Center Nord; and, in December, the laying of the foundation stone. By completing the construction of the exhibition center, which was opened in Riem, Munich, in 1998, an important signal is being sent on behalf of the business location of Munich and all of Bavaria.

We once again wish Messe München every success for the benefit of many companies big and small, for their employees and their customers.

STATE MINISTER
ILSE AIGNER

“Constructing the two new halls and the Conference Center Nord is a vital step into the future for Messe München—just as it is for the firms which find their gateway to the international markets here.”



ON BEHALF OF THE
SUPERVISORY BOARD

LORD MAYOR
DIETER REITER
Chairman

STATE MINISTER
ILSE AIGNER
First Deputy Chairwoman

HEINRICH TRAUBLINGER
Additional Deputy Chairman

STEFAN OSTERMEIER
Additional Deputy Chairman

WE ARE INVESTING HEAVILY IN THE FUTURE

DEAR READER,

2016 has been the most successful year in the history of Messe München. We ended the year with new best performances and some remarkable highlights. In terms of sales volume, we managed to exceed the 400 million euro mark for the first time, demonstrating the strength that lies in this company. Messe München is a thoroughly sound and financially strong firm. In 2016, we operated in the black for the seventh year in a row. We accomplished this through the commitment of the 1,000 or so staff members at the home location of Munich and at the subsidiary companies in China, India, South Africa, Turkey and Russia. This record of success gives us the scope for necessary investments. Thus in the summer, we commenced the construction of two new halls and the Conference Center Nord—a visible example of our success and an investment in the future of Munich as a trade-fair location.

A further highlight was the purchase of Fenestration China. This is the leading trade show for facade elements, windows and doors in China—and is our gateway to the construction industry there, by far the biggest in the world. This is the

largest investment we have ever made in an acquisition.

Due to cyclical factors, 2016 was an extremely strong year of trade shows and events. Sixteen of our own events took place in Munich, including bauma, ISPO, Expo Real, IFAT and electronica. Internationally in 2016, we held a total of 26 events of our own, including three further construction machinery fairs, in Shanghai, Delhi and Moscow.

In addition, our environmental technology fairs took place in Guangzhou, Shanghai and Mumbai.

Among the 178 guest events, too, there were numerous highlights, such as two big European medical congresses: EAU 2016, Congress of the European Association of Urology with 12,000 participants, and EASD 2016, the annual congress of the European Association for the Study of Diabetes, to which 15,000 delegates traveled. Under the aegis of Messe München, a total of 220 events took place worldwide with around 3.1 million visitors and approx. 50,500 exhibitors.



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

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

More than three million visitors and over 50,000 exhibitors came to Messe München's events worldwide in 2016. Many of these trade shows are the number one in their sectors—this is where the decision-makers meet, where important contacts are made and business is done. In addition, the year 2016 marked the beginning of construction of two new halls and the future Conference Center Nord.

GREENTEC AWARDS



GREEN CARPET FOR IFAT

For the second time, the green carpet was rolled out for a big gala at the start of IFAT: the GreenTec Awards—Europe's biggest environmental and business awards—were presented at the ICM in May. It was a splendid backdrop for the World's Leading Trade Fair for Water, Sewage, Waste and Raw Materials Management. The awards were presented in 14 categories, such as Automotive, Building & Living, Bike, Energy, Recycling & Resources, Travel, Urbanization and Water & Sewage. The GreenTec Awards take place alternately in Munich and Berlin. Together with IFAT, they are the ideal platform for presenting innovations in the area of environmental technology.

ARBOR DAY



550 TREES FOR CLIMATE PROTECTION

On April 25, three key players took action by taking a stand against the greenhouse gas carbon dioxide (CO₂): Messe München CEO Klaus Dittrich, Dr. Gerd Müller, Federal Minister of Economic Cooperation and Development, and Felix Finkbeiner, who as a nine-year-old initiated the worldwide movement "Plant-for-the-Planet" in the year 2007. In a joint initiative at Messe München, they presented 300 saplings to the forestry administration. With a forester, students from a Munich eco-school planted the saplings. Messe München planted an additional 250 trees at the exhibition center.

TRANSPORT ALLIANCE



EXPERT OPINION ON THE RAIL BOTTLENECK

Messe München and the municipalities in the east of Munich have a common problem: they are insufficiently connected with the suburban train system. So in 2015, Messe München initiated the transport alliance "S-Bahn-Bündnis Ost." Its objective: to expand the train tracks between Munich and Markt Schwaben into a four-track line and to connect the trade fair in the process. For this purpose, the alliance commissioned an expert opinion. It verifies the growing bottleneck on this train route and demonstrates courses of action. Among those who have joined this cross-party alliance are the adjacent municipalities and districts as well as the Chamber of Industry and Commerce and the Chamber of Crafts for Munich and Upper Bavaria.

COMPLETION OF THE EXHIBITION CENTER



NEW HALLS CREATE OPTIMUM CONDITIONS

Messe München needs more space in order to satisfy its customers' wishes and continue to hold its own amidst tough international competition. For four of its world-leading fairs—bauma, BAU, IFAT and ISPO—the demand is greater than the space currently available in 16 halls. Which is why Messe München is constructing two new halls—C5 and C6—together with the Conference Center Nord. On June 28, 2016, came the first cut of the spade and the foundation stone was laid on December 1, 2016. This is the completion of the exhibition center in Riem, Munich, as it was planned in the mid-1990s. The two new halls will be opened in summer 2018. The Munich exhibition center will then be offering 18 halls with an exhibition area totaling 2.2 million square feet. This new capacity strengthens Munich's position in the market and—with the Conference Center Nord—also increases its chances of bringing coveted congress highlights to Munich. "The costs of 105 million euros are being completely financed out of Messe München's own pockets," says Klaus Dittrich.

FENESTRATION



GATEWAY TO CHINA

Messe München is so well positioned economically that it can finance investments completely from its own resources. Within only one year, this included the two biggest investments in the history of the company: at the end of 2015, the acquisition of the construction machinery fair CTT in Moscow; and at the end of 2016, the purchase of majority interests in Fenestration China, the leading fair for facade elements, windows and doors in China. This is Messe München's gateway to what is currently the biggest construction market in the world. "It is the ideal addition to our world-leading trade fair BAU," says Dr. Reinhard Pfeiffer.

BAUMA—THE HEARTBEAT OF THE INDUSTRY

2016 was bauma's big year: Messe München held this leading fair for building and mining machinery in four places around the globe. A total of about 810,000 visitors and 8,000 exhibitors attended the events. It all began in April with the flagship event: bauma in Munich, the world's biggest fair in terms of surface area. Around 580,000 visitors from 200 countries traveled to Munich—an increase of nine percent. In a record area of 6.5 million square feet, they saw products from 3,425 exhibitors—63 percent (2,153) of them from abroad—

more than ever before. The visitors' willingness to invest was appreciably greater than expected. Many exhibitors reported record numbers of inquiries. At the end of May came CTT Moscow—powered by bauma. Messe München had bought Russia's biggest fair at the end of 2015. Since its founding in the year 2000, CTT has developed into the most important annual trade fair for building and building material machinery as well as construction technology in the entire region. About 21,000 visitors and 524 exhibitors attended

the event. Following this in November was bauma China at the Shanghai New International Expo Centre (SNIEC). This is now the second-biggest event in Messe München's portfolio. About 170,000 visitors and almost 3,000 exhibitors attended. In December in Delhi, bauma CONEXPO INDIA finished the year with new records: 25 percent more visitors (32,644) and two percent more exhibitors (647). Proof positive that the market for construction machinery in India has substantially recovered.

FAIRS
 MUNICH: BAUMA
 MOSCOW: CTT
 DELHI: BAUMA CONEXPO INDIA
 SHANGHAI: BAUMA CHINA



50 YEARS OF IFAT

2016 was a special year for IFAT: the world's leading trade fair for environmental technologies celebrated its fiftieth anniversary in Munich. This success story began in 1966 and has continued uninterruptedly up to 2016. What's more, this was a four-fold year of IFAT, with events in Munich, Shanghai, Guangzhou and Mumbai. Taking part in the jubilee fair in Munich were 3,097 exhibitors and 136,885 visitors. Managing Director Stefan Rummel was enthusiastic: "The feedback from all of our participants was overwhelming. The fresh increase in participation shows impressively how IFAT has shaped the development of the industry for 50 years." This upward trend can also be seen in IFAT events abroad. The best example is IE expo China in Shanghai. To provide room for the

1,303 exhibitors and 42,208 visitors, an additional hall was opened for the second time in a row. In particular, the subject of air pollution control proved to be the driving force of growth at this fair. Because of the enormous market potential, there has been a further spin-off since 2016: IE expo Guangzhou is aimed at the southern Chinese environmental sector and attracted 301 exhibitors and 19,923 visitors. At IFAT India 2016, the acute water crisis was one of the subjects fervently discussed among the 143 exhibitors and 5,187 visitors. This fourth edition was the Mumbai fair's biggest yet. In the Active Learning Centre, a training platform for junior employees of the Indian environmental industry was provided for the first time.

FAIRS
 MUNICH: IFAT
 SHANGHAI: IE EXPO CHINA
 GUANGZHOU: IE EXPO GUANGZHOU
 MUMBAI: IFAT INDIA



IMPETUS FOR THE SPORTS INDUSTRY

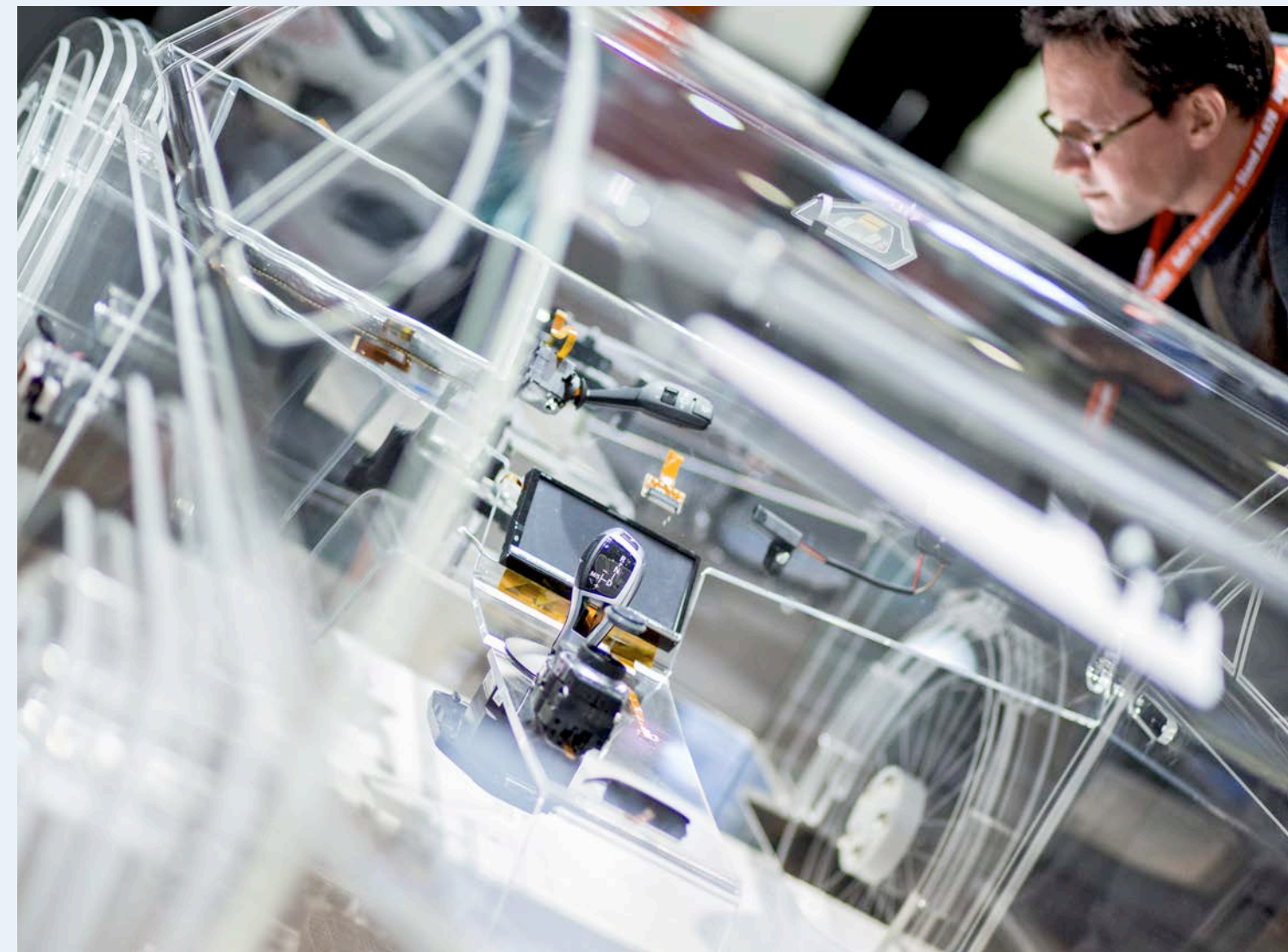
Sports connect people. With the recently launched news portal *ISPO.com*, ISPO now links up the international sports industry 365 days a year. This online portal informs with the latest news, trends and background information from the sports equipment sector. Three times a year, the industry meets up in Munich, Beijing and Shanghai. At ISPO MUNICH in January, 81,368 visitors found out about the product innovations of 2,645 exhibitors from all over the world. The rapidly growing Health & Fitness area showed that the potential for the sports industry is by no means fully exploited. The products here are becoming more and more digital, and in future, it will also be possible to train in virtual worlds.

At ISPO BEIJING in February, the Olympic spirit made itself felt because Beijing will be the venue for the Olympic Winter Games in 2022. A boom in winter sports is therefore to

be expected all over China in the coming years. Indicative of this were the packed rows of seats at the Asia Pacific Snow Conference (APSC), where the subjects included the Chinese skiing industry and the infrastructure of ski regions. The outcome of ISPO BEIJING: the number of visitors rose by 29 percent. 38,600 visitors came to Asia's most important multisegment fair, where 490 exhibitors were represented with about 700 brands. But it isn't just winter sports that are enjoying growing popularity. More and more Chinese are discovering fitness sports for themselves.

This development was reflected in the success of ISPO SHANGHAI in summer 2016: a record increase of 33 percent in exhibitors—470 companies. China will develop into the world's biggest sports market in the coming 20 years and thus offers great growth potential for the entire sports industry.

FAIRS
MUNICH: ISPO MUNICH
SHANGHAI: ISPO SHANGHAI
BEIJING: ISPO BEIJING



LOOKING INTO THE ELECTRONIC FUTURE

The world-leading trade fairs *electronica* and *productronica* are two of Messe München's outstanding events on the international stage. At the home location of Munich, they are held alternately, that is, every two years. In Asia as well, there is a very strong demand for electronics. In India and China, *electronica* and *productronica* take place in parallel every year.

As the World's Leading Trade Fair for Electronic Components, Systems and Applications, *electronica* 2016 in Munich was again the top event for decision-makers from all over the world. In 960,000 square feet of exhibition space, 2,912 companies from

50 countries presented the latest technologies, solutions and future trends. The central subject areas were automotive, embedded systems, wearables/healthcare and LED as well as the Internet of Things and cybersecurity. This was also reflected in the conference and supporting program and the famous CEO Roundtable. 73,451 visitors came from 89 countries and included heavily investing decision-makers and experienced developers from at home and abroad.

In Asia, too, *electronica* China and *productronica* China successfully interpret the markets of the future. As part of *electronica*

and *productronica*'s international network of fairs, the two spin-offs in Shanghai present innovations in electronics as well as electronics production every year. 61,455 visitors learned more from 1,088 exhibitors about subjects such as autonomous driving, wearables, the Internet of Things and surface-mount technology (SMT).

electronica India and *productronica* India are also on course for growth. In 2016, both Indian trade fairs were record-breaking events. With 17,968 visitors and 452 exhibitors, *electronica* India and *productronica* India substantially increased the number of companies as well as visitors in Bangalore.

FAIRS
MUNICH: ELECTRONICA / PRODUCTRONICA
SHANGHAI: ELECTRONICA CHINA / PRODUCTRONICA CHINA
BANGALORE: ELECTRONICA INDIA / PRODUCTRONICA INDIA





HOME OF THE TECHNOLOGICAL FUTURE

The network of the world-leading trade fair LASER World of PHOTONICS with its fairs in Munich, China and India shows that photonics is a key sector of the 21st century and one of the driving forces behind Industry 4.0. Without photonics, modern society would be inconceivable. Light is employed as a high-tech tool in the most diverse areas today—whether it's mobile phones, automobiles, household appliances or in medical engineering. LASER World of PHOTONICS CHINA and LASER World of PHOTONICS INDIA are leading regional fairs for these optical technologies and are organized annually in China (Shanghai) and in India (alternately Bangalore and New Delhi). Taking part in LASER World of PHOTONICS CHINA 2016 were 801 exhibitors from 20 countries. 45,528 visitors came to the event in Shanghai. At LASER World of PHOTONICS INDIA, 159 exhibitors presented their innovations, while the number of visitors was 7,182. The rising numbers of visitors and exhibitors verify the growing importance of laser technologies in India. Especially in manufacturing, there is great demand for the optimization of production processes.

FAIRS
SHANGHAI:
LASER WORLD OF PHOTONICS CHINA
BANGALORE:
LASER WORLD OF PHOTONICS INDIA



DRINKTEC WORLDWIDE—SETTING RECORDS

2016 was a very successful year for the international food and beverage industry. Taking place within only four months in the year before drinktec in Munich were food & drink technology Africa, CHINA BREW CHINA BEVERAGE and drink technology India (dti). This called for good collaboration between the team in Munich and the teams at the other locations. Together, new records were set. food & drink technology Africa, the leading networking and information platform for the foodstuff and beverage industry in southern Africa, took place in September in Johannesburg. Eighty-six national and international exhibitors occupied an area of 27,000 square feet. In October 2016, CHINA BREW CHINA BEVERAGE was held in Shanghai (SNIEC) for the first time. The move from Beijing boosted the event to new record levels: around 870,000 square feet, 800 exhibitors and 53,183 visitors. The trio of fairs was successfully rounded off in December by drink technology India (dti) in Mumbai. With 150,000 square feet, 146 exhibitors and 12,100 visitors, dti achieved new best performances in all areas.

FAIRS
JOHANNESBURG: FOOD & DRINK TECHNOLOGY AFRICA
SHANGHAI: CHINA BREW CHINA BEVERAGE
MUMBAI: DRINK TECHNOLOGY INDIA TOGETHER
WITH INTERNATIONAL PACKTECH INDIA AND FOODPEX INDIA



“DIE 66” ATTRACTS BEST AGERS

“Die 66” is the leading fair for the Best Ager market in the German-speaking world. In 2016, 475 exhibitors presented to around 48,500 visitors at the MOC Veranstaltungszentrum München. On nearly 120,000 square feet, there were 16 subject areas, such as Leisure & Hobby, Sport & Fitness, Technology & New Media and Further Training. In addition, Germany’s biggest fair for the over-50s offered a varied program of workshops, shows and events. After eleven years of constant growth under the management of MT Konzept at the MOC Veranstaltungszentrum München, “Die 66” is moving to the exhibition center as of 2017. Messe München will be taking on the role of organizer. Here the MOC has again demonstrated its role as a development center for fairs. Dr. Reinhard Pfeiffer, Deputy CEO: “By moving the event, we are giving it prospects and are providing it with opportunities to develop. The over-50 generation is a group with its own needs and interests and it sets trends in topics that are of relevance to industry and commerce.”

FAIR
MUNICH: DIE 66



EXPO REAL is the most important network for property and investment in Europe—and Europe’s future was the number one talking point at its biggest property fair.

EUROPE HAS TO STICK TOGETHER

“Europe has to stick together, because either you swim together, or you are going to sink together,” declared star American economist Nouriel Roubini at EXPO REAL, which took place in Munich on October 4 – 6, 2016. Brexit and the ensuing uncertainties were the number one topic of conversation at Europe’s biggest property fair, which again attracted more exhibitors and participants to the halls of Messe München. “Whether it’s Nouriel Roubini, Brexit opponent Sir Howard Bernstein or economist Prof. Dr. Max Otte, EXPO REAL is a get-together not just for the property industry but for experts in world economic development too,” explains Klaus Dittrich. The challenges of the housing industry due to an influx of new residents into the cities were also discussed intensively in the conference program by speakers such as Henriette Reker, Mayor of Cologne, and Prof. Dr. Michael Voigtländer from the Cologne Institute for Economic Research. The new Grand Plaza concept also met with great interest—this central meeting point for trade and its partners was used intensively for a lively exchange of views for the entire duration of the event. 34,865 visitors came to this International Trade Fair for Property and Investment, a total of 1,768 companies exhibited (+ 4%).

FAIR
MUNICH: EXPO REAL





AUTOMATICA 2016 PRESENTS THE 4.0 FUTURE

automatica showed the future of production—with insights into digitization and the collaboration between man and robot. In addition, the platform IT2Industry took place as part of automatica for the first time. With more than 40 exhibitors and an open conference, it demonstrated the interface between classic production techniques and the industrial Internet of Things. automatica has established itself also as central platform for service robotics. The latest state of technology and the enormous dynamism of the industry could be felt at the fair: here it was all about medical trolleys in hospitals, inventory robots for department stores, service robots as automated guided vehicle systems and robots as an aid to man in everyday life.

In the STARTUP WORLD area, young entrepreneurs and junior staff had a platform of their own for presenting their innovative robotics ideas and visions of the future. Taking part in the new “Makeathon” event format were 140 young persons; in teams, these developed functioning hardware prototypes within 24 hours—ranging from an automated shoe for senior citizens to a complete digital factory as manufacturing line for the production of power bars.

In total, automatica 2016 exceeded all expectations with 43,052 visitors (+ 10%), 833 exhibitors (+ 15%) in an exhibition area of around 360,000 square feet and record participation from abroad (35%).

FAIR
MUNICH: AUTOMATICA / IT2INDUSTRY



WHERE THE JEWELRY INDUSTRY SPARKLES

Every year, Munich is the focal point of the international jewelry and watch industry. INHORGENTA MUNICH has presented new products, concepts and ideas beyond the mainstream for over 40 years. In 2016, INHORGENTA MUNICH occupied an area of about 285,000 square feet. 921 exhibitors came from 33 countries and 26,116 trade visitors from 77 countries. For them, the profile of the fair was once again enhanced. INHORGENTA MUNICH 2016 kicked off with a first-rate opening show. Alongside other highlights, top model Nadja Auermann displayed the fine jewelry and watches of the exhibitors to Europe’s most important jewelers.

As an international platform for order placement and communication, this fair takes up topics of the future that are central to the industry. Thus in 2016, the Watch Innovation Forum and the Web Campus were presented for the first time. At the Watch Innovation Forum, smartwatches and wearables were the center of attention. The Web Campus examined the subjects of e-commerce, multi-channel marketing and social media as to their importance for effective competitiveness.

FAIR
MUNICH: INHORGENTA MUNICH



MEETING POINT OF THE LAB WORLD

analytica 2016 went off with a bang in every respect. It wasn’t just the exhibitor and visitor numbers—with more international participation than ever before—that made you sit up and take notice; it was the supporting program, too: visitors of the special show “Occupational Safety / Health and Safety in the Workplace” saw some explosive presentations by safety professionals. The top position of analytica as international trade fair for laboratory technology, analysis and biotechnology is undisputed. 1,244 exhibitors from almost 40 countries presented their product innovations in an exhibition area of around 310,000 square feet. The 35,002 trade visitors saw many world premieres. The rooms were full at the analytica conference, which accompanies the fair on the scientific side. In addition to analytica in Munich, this fair has established a network in the important sales market of Asia: In 2016, analytica China in Shanghai set new records in every respect: 846 exhibitors (up by 22%), 24,582 visitors (up 31%) and an area of around 185,000 square feet. This development confirms the position of analytica China as Asia’s leading trade fair for the laboratory sector.

Also successful were analytica Anacon India and India Lab Expo in Hyderabad, India’s pharmaceutical and biotech stronghold: 233 exhibitors presented to the 7,042 trade-fair visitors. The fairs of the analytica cluster are rounded off by analytica Vietnam, which is organized by IMAG.

FAIRS
MUNICH: ANALYTICA
SHANGHAI: ANALYTICA CHINA
HYDERABAD: ANALYTICA ANACON INDIA AND INDIA LAB EXPO

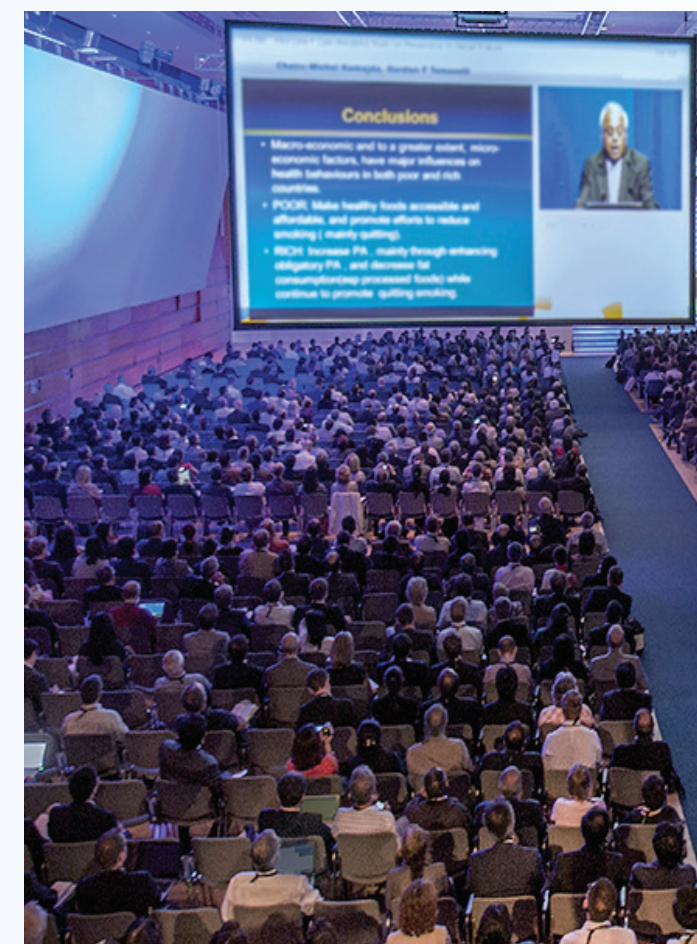


THE IDEAL PLACE FOR CONGRESSES

In 2016, two of the biggest European medical congresses were held in Munich: EAU 2016, Congress of the European Association of Urology, and EASD 2016, Annual Meeting of the European Association for the Study of Diabetes. “Medicine and Munich go together outstandingly well,” confirms Dr. Reinhard Pfeiffer, Deputy CEO. “That’s why the congress business is booming in Munich. We now rank among the top ten in Europe.” For EAU 2016, 12,000 urologists came to the ICM – Internationales Congress Center München from more than 100 countries. The ESC – European Society of Cardiology (30,000 participants) took place in Munich in 2004, 2008 and 2012 and is coming back in 2018. The ERS – European Respiratory Society (20,000 participants) visited Munich in 2006 and 2014. After 2004, the EASD met here in 2016 for the second time. The latest acquisition coup: the ESMO – European Society for Medical Oncology will be in Munich in 2018 for the first time.

Munich offers the best conditions for all with regard to infrastructure, accessibility and hotels. The concerted efforts of Messe München, the City of Munich and the congress industry make bids more attractive. Thus the ICM, too, concluded the year with a new sales record. Indeed, large congresses generate an enormous influx of spending power for the region. According to an Ifo study, congress participants spend more than twice as much on their trip and their stay than the average trade-fair visitor.

MUNICH:
ICM – INTERNATIONALES CONGRESS CENTER MÜNCHEN



SPECIALISTS IN SYSTEM AND DESIGN STANDS

For MEPLAN, 2016 was a veritable record year. By acquiring new customers for system stands—and notable clients, too, for design stands—the company increased its sales to almost 30 million euros. This was also helped by the many big fairs in Munich like bauma, IFAT, ISPO and electronica. At 29.99 million euros, the sales volume was decidedly above target. “With this record volume, MEPLAN has impressively demonstrated its productivity,” says CEO Dr. Michael Pöllmann. Stand construction for trade fairs is the core business of MEPLAN GmbH, a company of Messe München and GHM Gesellschaft für Handwerksmessen. The company is among the top ten German

exhibition stand constructors. “In 2016, we created large system stands and very impressive design stands,” reports Pöllmann. Thus MEPLAN built high-quality design stands for companies such as Doosan, Liebherr and McCloskey. At ISPO MUNICH, it constructed the joint stand for China; this took up almost an entire hall. At the ICM – Internationales Congress Center München, MEPLAN looked after the medical congresses EAU and EASD as well as the WCNDT – World Conference on Non-Destructive Testing.

On the other hand, MEPLAN has positioned itself as a stand constructor that can assist its customers reliably on an international

level, too, because MEPLAN’s business activities are by no means concentrated solely on Munich and the events of Messe München. More than 20 percent of the sales volume is generated outside Munich. Michael Pöllmann: “Abroad, China has developed into an important market for us.” There is also growth in sales at events in Iran.

MEPLAN moved into new office premises in the year 2016; with its 86 members of staff, it is now housed in Brainlab’s new company building next to the old airport tower. The MEPLAN lettering on the building’s facade can be seen from far away. The new address is Olof-Palme-Strasse 1, 81829 Munich.



IMAG—STRONG ACROSS THE GLOBE

Following the easing of sanctions against Iran, the Iranian economy is enjoying a considerable revival. The inauguration of the new Shahr-e-Aftab International Exhibition center is also indicative of the opening up of the market. In 2016, Messe München subsidiary IMAG was involved in eight trade fairs in Iran.

As Messe München’s company for trade fairs abroad, IMAG GmbH contributes substantially to the growth strategy of Messe München. IMAG acts as (co-)organizer or sales partner and it also supports Messe München in opening up new markets and regions.

Through IMAG’s involvement abroad, the fairs in Munich also attract new exhibitors and more visitors from predefined markets as well as increased attention as a result of visits by high-ranking delegations.

In 2016, IMAG’s program included 23 trade fairs and fair participations in eight countries. The fairs in Iran in particular are to be highlighted; this market is now opening up and IMAG was involved in eight trade fairs there in 2016. Among these for the first time—and already very successful—were the Iran Oil Show and the water exhibition WATEX. Remarkable, too, was the increase in the number of exhibitors at the

industry exhibition T.I.I.E. as well as at IMAG’s own event Iran ConMin. Compared to the previous edition in 2015, this leading international trade fair for construction machinery and mining concluded with a rise of 50 percent both in the number of exhibitors and in exhibition area.

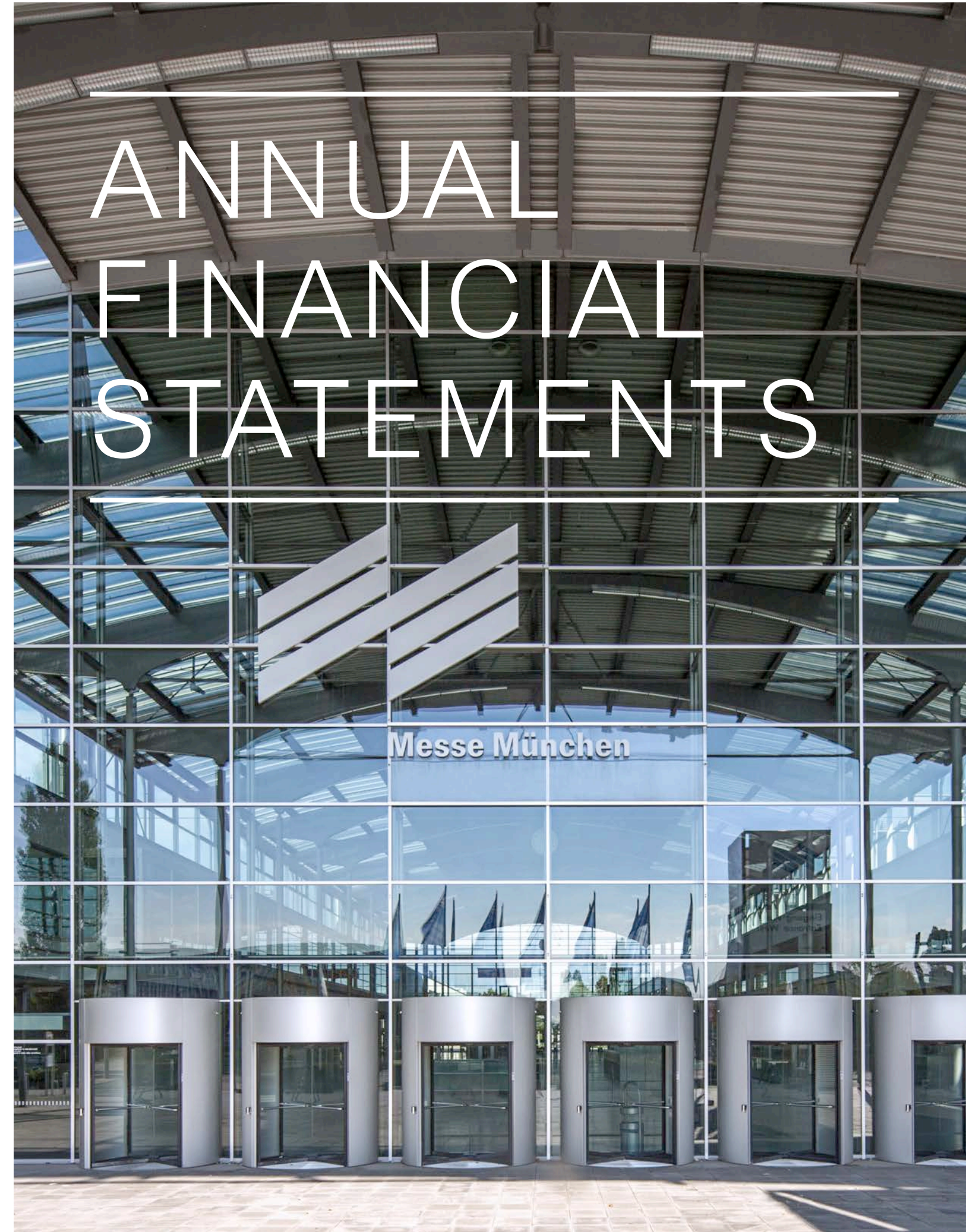
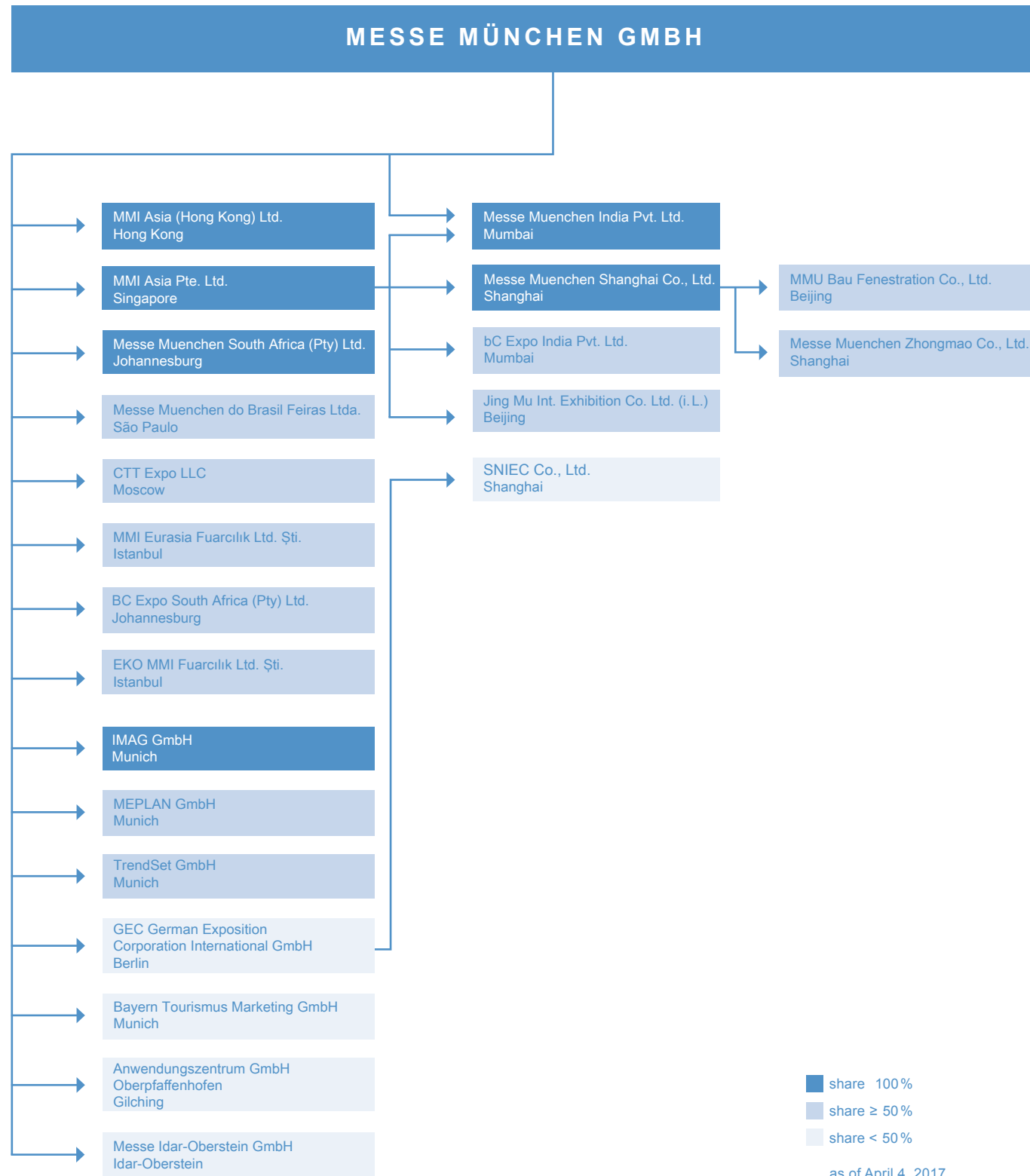
Although the events that are most profitable for IMAG did not take place in 2016 due to cyclical factors, the company still finished the year 2016 better than budgeted for in the business plan.

In 2017, IMAG will revive its activities in the USA at the construction machinery show Conexpo-Con/AGG. Moreover, IMAG is to expand its activities in Africa, where it will be active in Algeria, Ethiopia and Kenya in addition to the fairs traditionally on the IMAG program. Furthermore, it is organizing the construction machinery show ConMin West Africa in Nigeria for the first time.



SHAREHOLDING STRUCTURE

Messe München GmbH is also well networked through its diverse company shares and subsidiaries.



MANAGEMENT REPORT AND GROUP MANAGEMENT REPORT 2016

Messe München GmbH, Munich

I. MACROECONOMIC CONDITIONS IN THE GERMAN EXHIBITION MARKET

In 2016, too, Messe München benefitted from Germany's **economic situation**, which continued to be good. Increasing crises and tensions worldwide did not affect the gratifying development of the German exhibition market. Companies from all over the world perceive Germany—and especially Munich—as the ideal place to present products and initiate business.

According to preliminary data from AUMA (Association of the German Trade Fair Industry), the number of exhibitors in **Germany as a trade-fair location** in 2016 increased by 1.0 percent in relation to comparable previous years. At the same time, the 2.5 percent rise in participants from abroad was once again greater than the rise in domestic participants. The stand space rented increased by 0.5 percent in 2016 in relation to the previous years. Across Germany, the number of trade-fair visitors dropped by 0.5 percent.

II. PERFORMANCE OF MESSE MÜNCHEN GMBH

The **business activity** of Messe München GmbH remains unchanged and essentially comprises the ongoing development, operation and maintenance of the Messe München exhibition center and the ICM – Internationales Congress Center München (hereinafter referred to as "the ICM"), the operation of the MOC Veranstaltungs- und Ordercenter München (hereinafter "the MOC") as well as the carrying out of trade-fair events in Germany and abroad. Special areas (e.g. stand construction) as well as activities abroad (carrying out trade fairs and partly sales) are handled through associated companies.

2016 was an extremely successful exhibition year for **Messe München GmbH** with six world-leading trade shows. 2,438,785 visitors came to the events at the Munich location (including the ICM,

MOC and Bauzentrum Poing). 37,218 exhibitors presented their products and services there. In **Messe München's own events**, a total of 20,994 exhibitors and 1,270,807 visitors took part. 9.7 million square feet of stand space was rented.

The company's own events at the Munich location developed at **clearly above the market average** in 2016. In relation to comparable previous events, the overall number of exhibitors rose by 1.8 percent, the number of exhibitors from abroad by even 5.7 percent. The stand space rented went up by 1.3 percent. In terms of visitor numbers, the company's own events in Munich gained 5.0 percent.

In early summer 2016, construction of the **new exhibition halls C5 and C6**—including an additional conference area—commenced on schedule. Costing around EUR 105 million, this investment in the future is to be largely concluded by May 2018.

ISPO MUNICH—the first of Messe München's own events in 2016—occupied the entire hall area of the exhibition center as in previous years. Over 81,000 trade visitors (- 2%) from 135 countries again confirmed the importance of this leading international trade show for the sports industry. The number of exhibitors—87 percent of which came from abroad—increased by 5 percent to 2,645.

With 1,184 exhibitors (- 1%) from 65 countries, the Fair for Leisure and Travel **f.re.e** established a new record in terms of visitors: over 126,000 (+ 3%).

Thanks to a new exhibition concept, **INHORGENTA MUNICH** with its 921 exhibitors (- 10%) from 33 countries still managed to keep its visitor numbers stable: over 26,000 trade visitors (- 1%) despite the situation in the sector, which remains tense.

With over 583,000 visitors (+ 9%), the world's biggest construction machinery fair **bauma** set a new record. 3,425 exhibitors (+ 0%) presented their latest products on a gross area of 6.5 million square feet (+ 5%). At 63 percent, the proportion of exhibitors from abroad was higher than ever before.

analytica achieved a new exhibitor record with 1,244 exhibitors (+ 7%) from 37 countries. Around 35,000 trade visitors (- 1%) came to the Munich exhibition center from 119 countries for this world-leading trade fair for laboratory technology, analysis and biotechnology.

The World's Leading Trade Fair for Water, Sewage, Waste and Raw Materials Management **IFAT** celebrated its fiftieth anniversary with an increase in participation once again. On 2.5 million square feet of gross area (+ 0%), 3,097 exhibitors (+ 1%) from 59 countries presented their products, services and innovations to just under 137,000 trade visitors (+ 1%) from 168 countries.

The trade fair for automation and mechatronics **automatica** attained a new dimension with 833 exhibitors (+ 15%) from 47 countries and over 43,000 visitors (+ 10%) from 96 countries.

At **EXPO REAL**, International Trade Fair for Property and Investment, the number of visitors—around 35,000—was at the same level as in the previous year. The proportion of trade visitors from abroad increased to 30 percent. The number of exhibitors went up by 4 percent to 1,768 compared to the previous year.

Over 73,000 trade visitors (+ 0%) from 89 countries came to **electronica**. 2,912 exhibitors (+ 7%)—around two-thirds of them from abroad—presented their products and technologies at the International Trade Fair for Electronic Components, Systems and Applications.

According to information from the organizers, a total of around 224,000 visitors were welcomed at the **guest events** at the exhibition center of Messe München (not including events held by GHM – Gesellschaft für Handwerksmessen and TrendSet GmbH). The gross space rented to the organizers of guest events amounted to about 4 million square feet in 2016.

GHM – Gesellschaft für Handwerksmessen can look back on a successful year of trade fairs held at the Munich exhibition center. At **opti**, the international trade show for optics, around 27,300 visitors from 81 countries were welcomed—6 percent more visitors than in the previous year. The **Internationale Handwerksmesse** attracted about 130,500 visitors. **Heim+Handwerk** (incl. **FOOD & LIFE**) attained

the same result as in the previous year: over 135,000 visitors.

FARBE, AUSBAU & FASSADE—Europe's trade fair for facade design and interior architecture—took place again at the Munich exhibition center for the first time since 2010. The 2016 event was particularly successful with regard to the proportion of visitors from Germany and abroad as well as the countries participating from the exhibiting industry: 14 percent of visitors came from abroad (2013: 11%) and the exhibitors were from 29 countries (2013: 16 countries). In total, about 41,400 visitors were recorded for this event.

The **ICM** can look back on its most successful year with 72 events and 120,500 visitors. Sales expectations were clearly exceeded. Among the new events were the EU PVSEC – European Photovoltaic Solar Energy Conference alongside Intersolar, FOBI – Fortbildungswoche für praktische Dermatologie und Venerologie and the TU-Automotive Europe Conference. Also held at the ICM were a large number of European congresses such as the EAU European Association of Urology Congress; the 30th EORTC-NCI-AACR Symposium of the European Cancer Organisation; the congress of the EHS – European Hip Society; the ECCM – European Conference on Composite Materials; and the congresses of the ECE – European Society of Endocrinology and the EASD – European Association for the Study of Diabetes.

The **MOC Veranstaltungszentrum** was also heavily booked in 2016 and registered 85 events with over 403,000 visitors; 8,064 exhibitors were looked after. The high proportion of long-term regulars such as High End and Research & Results and the consumer fairs Einstieg and BABYWELT were supplemented in 2016 by a great many corporate events of companies like Oracle and MSD as well as seminars and congresses such as the ESRI Congress. The event with the biggest attendance was the IMOT International Motorcycle Exhibition with approx. 65,000 visitors. The cloth fair MUNICH FABRIC START twice occupied all available areas of the MOC Veranstaltungszentrum, i.e. over 300,000 square feet of gross space on each occasion.

The **MOC Ordercenter** is Germany's biggest order center in the area of shoes and leather goods as well as sports and sports fashions. Booked out in 2016, it accommodated 215 lessees with around 550 brands on approx. 220,000 square feet of leased space.

With more than 55 show homes that are fully furnished, **Bauzentrum Poing** is both Bavaria's largest and Germany's most frequently visited exhibition of private homes. In 2016, just under 85,000 visitors were registered.

III. PERFORMANCE OF THE GROUP

From a Group perspective, too, 2016 was a very successful exhibition year. As well as bauma in Munich, construction machinery fairs took place in Shanghai, Delhi and Moscow.

In December 2016, the subsidiary company Messe Muenchen Shanghai purchased a majority interest in **Fenestration China**—the leading trade show for facade elements, windows and doors in China—which takes place annually, alternating between Beijing and Shanghai. This event supplements the world-leading fair BAU in Munich. Messe Muenchen Shanghai will hold 75 percent of shares in the new company MMU BAU Fenestration.

Abroad, the exhibition year began with **ISPO BEIJING**, which recorded a substantial increase to 490 exhibitors (+ 13%) and 38,600 trade visitors (+ 29%) compared to the previous year.

A total of 1,088 exhibitors (+ 8%) and over 61,000 visitors (+ 11%) ensured strong growth for **electronica China** and **productronica China** in Shanghai compared to the previous year's editions. Taking place in parallel, **LASER World of PHOTONICS CHINA** also attained an appreciable increase in both the number of exhibitors (801, + 15%) and visitors (over 45,000, + 13%).

Organized by a joint venture of Messe Muenchen Shanghai and Shanghai ZM International Exhibition Co. Ltd., **IE expo China** attracted 1,303 exhibitors (+ 20%) and over 42,000 visitors (+ 5%).

Compared to the previous event in 2014, **transport logistic China** in Shanghai also grew substantially to 602 exhibitors (+ 22%) and over 23,000 visitors (+ 41%).

Taking place for the second time, the multisegment sport show **ISPO SHANGHAI** attracted 470 exhibitors (+ 33%) and around 14,500 visitors (- 23%).

Acquired by Messe München at the end of 2015, **CTT Expo Moscow** maintained its position as the world's fifth-largest construction machinery show with 524 exhibitors and 21,000 visitors from 59 countries.

electronica India and **productronica India** in New Delhi grew with a total of 452 exhibitors (+ 28%) and around 18,000 visitors (+ 16%). At **LASER World of PHOTONICS INDIA**, which takes place in parallel, more exhibitors (159, + 8%) and visitors (around 7,200, + 18%) participated than in the previous edition.

Organized every two years together with a Chinese partner, **CHINA BREW CHINA BEVERAGE** moved from Beijing to Shanghai in 2016 and shaped up pleasingly in both the number of exhibitors (around 800, + 13%) and visitors (over 53,000, + 2%).

By far the biggest event of the Messe München Group abroad, **bauma China** takes place in Shanghai every two years. It attracted 2,958 exhibitors (- 5%) and around 169,000 visitors (- 11%) despite the slowdown in the Chinese economy and especially the building sector.

Hosted every two years in Delhi together with the American organization AEM (Association of Equipment Manufacturers), **bauma CONEXPO INDIA** managed to increase its number of exhibitors by 2 percent to 647 and the number of visitors by 25 percent to over 32,000.

The positive development of the **Shanghai New International Expo Centre (SNIEC)**, in which Messe München holds an interest of 16.6 percent through GEC GmbH, continued undiminished in the year 2016, too.

With EUR 29.9 million, the subsidiary company **MEPLAN** attained the highest sales volume in the firm's history and a positive result for 2016. The subsidiary company **IMAG** finished the year with a loss due to cyclical exhibition factors.

TrendSet GmbH, in which Messe München has held a majority interest since 2012, organizes **TRENDSET** together with **BIJOUTEX** twice a year at the Munich exhibition location. As in previous years, the two events continued to develop well with a total of about 69,300 visitors on approx. a million square feet of gross space at each event. **TrendSet GmbH** likewise earned a profit in 2016.

IV. KEY FINANCIAL AND NON-FINANCIAL PERFORMANCE INDICATORS

To **manage the company**, an extensive reporting system is implemented at both company and Group level as well as for the individual exhibition projects. On a quarterly basis, all actual and forecast values for the business year concerned (sales, expenses, investments) at Messe München GmbH and its associated companies are recorded and are contrasted with planned values. In addition, key figures for the individual trade-fair events with regard to factors such as customer satisfaction, profitability on a contribution-margin basis, international shares, etc., are ascertained and compared to the figures for the previous events and the planned values. The controlling of projects is supported by software and is effected as

The **key figures** for the financial year 2016 are as follows:

	2016	PREVIOUS YEAR
Sales, Messe München GmbH (MMG)	€ 337.7 million	€ 230.2 million
Result for the year, before shareholder loan interest	€ 69.7 million	€ 38.9 million
EBITDA	€ 114.2 million	€ 83.6 million
Group sales	€ 428.1 million	€ 277.4 million
Consolidated result for the year	€ 19.4 million	€ - 23.7 million
Group EBITDA	€ 147.4 million	€ 63.9 million
Exhibitors at Messe München (MMG events)	20,994	15,852
Visitors at Messe München (MMG events)	1,270,807	730,556
Total gross exhibition space, MMG	29.8 million sq. ft.	24.3 million sq. ft.

cost-unit accounting; controlling of the central departments takes place on a cost-center basis.

V. SITUATION OF THE COMPANY AND THE GROUP

a) Earnings situation of Messe München

The sales and earnings targets planned for the year 2016 were clearly exceeded. Sales revenue was EUR 337.7 million (planned: EUR 312.0 million). The EBITDA was at EUR 114.2 million (planned: EUR 89.1 million). As in the previous year, a break-even result was attained. For the seventh time in a row, Messe München is able to pay interest on the loans from its shareholders the City of Munich and the Free State of Bavaria. After a sum of EUR 38.9 million in the previous year, interest of EUR 69.7 million can be paid for the year 2016.

As against the **sales revenue** of EUR 337.7 million (2015: EUR 230.2 million), there were **expenses** of EUR 128.6 million (2015: EUR 88.9 million) that were directly attributable to the events. An event-related result of EUR 209.1 million was attained (2015: EUR 141.4 million).

Other operating income of EUR 5.4 million (2015: EUR 3.3 million) resulted mainly from the release of provisions.

The average number of employees increased from 656 to 708. **Personnel expenses** went up from EUR 48.3 million in the previous year to EUR 52.6 million.

The **depreciation and amortization** of tangible and intangible fixed assets changed only slightly to EUR 36.5 million (2015: EUR 35.4 million).

Other operating expenses amounted to EUR 45.0 million (2015: EUR 42.4 million). These are principally made up of expenses in the construction area in the form of renovation and maintenance measures.

Income from participating interests was EUR 4.0 million (2015: EUR 29.3 million). The distribution from GEC GmbH contributed EUR 3.5 million to this (2015: EUR 6.0 million). In contrast to the previous year, there was no distribution from MMI Asia.

Interest expenditures increased to EUR 74.5 million from EUR 45.0 million in the previous year. The increase is to be ascribed to the higher interest payments on shareholder loans.

For **taxes on income**, the sum of EUR 5.7 million was incurred in the financial year 2016. The other taxes were predominantly property taxes.

b) Financial situation of Messe München

The balance-sheet total increased from EUR 1,009.4 million to EUR 1,048.1 million. On the **assets side**, fixed assets went down by EUR 15.1 million to EUR 940.4 million. EUR 2.0 million was invested in intangible assets. Financial assets registered an additional EUR 0.7 million. Current assets rose by EUR 54.1 million to EUR 106.1 million. Especially important here was the cash in banks, which went up by EUR 33.6 million to EUR 63.5 million.

On the **liabilities side**, equity capital went up by EUR 18.5 million to EUR 203.9 million because of an addition to the capital reserve by the shareholders the City of Munich and the Free State of Bavaria. Liabilities due to banks were brought down by EUR 21.1 million to EUR 132.7 million. Other provisions increased from EUR 38.0 million to EUR 39.1 million. At EUR 51.6 million, the advance payments received from customers by December 31, 2016, were slightly higher than the previous year's figure.

Liquidity was again ensured at all times in the financial year of 2016. The cash and cash equivalents amounted to EUR 63.5 million at the end of the year.

c) Situation of the Group

External sales of the consolidated investment companies in the Group amounted to EUR 111.7 million; due to cyclical factors, this was above the previous year's level (EUR 34.1 million). The consolidated result for the year came to EUR 19.4 million (2015: EUR - 23.7 million). The results of the Group's domestic investment companies MEPLAN and IMAG are included in the profit and loss account of Messe München GmbH through profit and loss transfer agreements; the results of TrendSet and GEC are included in the form of distributions.

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

VI. OPPORTUNITIES AND RISKS FOR FUTURE DEVELOPMENT AS WELL AS RISK MANAGEMENT

A **risk management system** is in place at Messe München. This is utilized to record developments that are relevant to Messe München and its associated companies. The necessary counteractive and compensatory measures can be introduced at any time.

The general risk situation is newly analyzed and assessed 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 in the scope necessary to protect against the usual business risks. No provisions have been made against risks that are extremely unlikely to occur (e.g. earthquakes) but that can be included in all-risk building insurance, or against risks that can be protected against separately (e.g. expropriation of assets abroad).

The greatest **economic risks** are the possible implications of protectionist tendencies under the new US presidency, the slowdown in economic growth in China, geopolitical risks in the Middle East and elsewhere and a possible reignition of the European financial crisis. The economic climate overall is characterized by increased volatility. At the same time, the general conditions for the European economy are rather favorable because of the reasonable price of oil at present, the ongoing low interest rate level and the appropriate euro rate. From today's viewpoint, a discontinuance of these conditions is to be regarded as an economic risk. An economic downturn would be expected to affect the exhibition business because following a decline in orders, companies also generally reduce their expenditures on participating in trade shows.

On the basis of current forecasts, several trade fairs (BAU, bauma, ISPO, IFAT) are reaching their limits as to the **total capacity of the Messe München exhibition center**. Further sustained growth is expected for these fairs. Messe München is promoting this growth by constructing the new halls C5 and C6.

The intense **competition** for new exhibition subjects, guest events and congresses as well as the purchase of exhibitions remains unchanged. From other exhibition and congress locations, organizers of guest events and congresses continue to receive dumping offers in which the amount for the rental of space is getting lower and lower. Messe München again succeeded in holding its own in the tough competition for guest organizers in 2016.

Opportunities arise from the continuation of the profitable growth strategy of Messe München in connection with the company's Strategy 2021, e.g. by strengthening trade shows and congresses in the domestic market, expanding the international and digital business, advancing the organization economically, providing the necessary infrastructure and establishing a strong and successful employer brand.

With regard to the **leading trade shows**, **opportunities for an expansion of area** continue to come about from the further development of existing exhibition concepts and the developing of new thematic

segments. Thus, for instance, Semicon Europa—the leading meeting point for the semiconductor production industry—agreed to engage in long-term cooperation. As from 2017, this exhibition will take place annually in Munich as part of electronica and productronica, respectively. Over and above that, the international portfolio of Messe München is supplemented and expanded through strategic purchases such as **M&T Expo** in São Paulo and **Fenestration China** in Shanghai.

Messe München will consistently take advantage of the **opportunities of digitization**, too. For this purpose, the new "digital" business unit is currently being built up. The very successful "Business to IT" program with over 20 individual projects was also continued in 2016. Further new IT systems such as guest management, exhibitor registration online and the marketing planner were implemented effectively. By the end of 2018, more new systems will be going into operation.

The business development of the **associated companies abroad** is influenced by current global changes, political crises and phases of economic weakness, which sometimes lead to strong fluctuations in exchange rates. Thus the associated companies abroad—and especially those in Turkey, South Africa and Russia—are subjected to stricter control mechanisms, with special attention being given to shareholding and risk management.

For the international event portfolio, substantial opportunities for growth are still becoming apparent in the up-and-coming markets of China and India. Possible purchase options that can supplement Messe München's portfolio of events are being examined in detail.

There is a **compliance organization** at Messe München GmbH with the positions of an internal compliance director, an internal compliance officer and an external ombudsman. This is intended to ensure observance of the compliance policy that was updated at the beginning of 2016 and that contains the most important rules of conduct. Apart from detecting misconduct and bringing about a response, the organization has the preventive task of examining the effectiveness of the existing internal systems for the avoidance of breaches of conduct and suggesting improvements where necessary. The basic elements of the existing compliance management system at Messe München GmbH (culture, objectives, organization, risks, program, communication, examination and improvement) are documented in a specification that was updated in 2016. Also in 2016, Messe München GmbH updated the compliance provisions applying to procurement. And in 2016, guidelines were issued for staff members of Messe München GmbH with regard to conduct in con-

formity with cartel law at trade-show advisory board meetings and in meetings with representatives of other trade-fair companies. A new data privacy concept was elaborated upon in 2016. Components of the data privacy concept are the data privacy guideline in which all company data privacy regulations are summarized as well as the reorientation of the internal data privacy organization.

The post of **International Risk & Compliance Manager** strengthens the compliance system of Messe München and supports the advancement of the compliance organizations at the associated companies abroad. In 2016, the development of the compliance management systems in the subsidiary companies was further promoted with the formal appointment of compliance officers, the adoption of a uniform compliance policy and the introduction of compliance reporting.

VII. STATEMENT CONCERNING THE COMPANY MANAGEMENT

The shareholders' meeting of Messe München GmbH has set a target value of 16.7 percent to be attained by June 30, 2017, with regard to the proportion of women on the Supervisory Board and on the Management Board. The Management Board has set target values of 16.7 percent and 40 percent to be attained by June 30, 2017, with regard to the proportion of women on first and second management levels, respectively.

VIII. PROSPECTIVE DEVELOPMENT

Due to cyclical factors, 2017 is a normal year for Messe München in terms of the trade shows held. For Messe München GmbH, sales of around EUR 249 million and a break-even result are expected.

The exhibition year of 2017 started successfully with **BAU**, which again occupied all 16 exhibition halls and attained a new record with 2,120 exhibitors (+ 7%) from 45 countries. The World's Leading Trade Fair for Architecture, Materials and Systems had more than 250,000 visitors; for the first time, around 80,000 of these came from abroad.

ISPO MUNICH also filled all the exhibition halls once again. Taking part in this leading international show for the sports industry were 2,732 exhibitors (+ 3%) and over 86,000 trade visitors (+ 7%) from 130 countries.

f.re.e chalked up a new visitor record (+ 7%) with around 135,000 visitors. The event grew to 1,300 exhibitors (+ 10%); for the first time, f.re.e occupied a total of seven halls instead of six. **INHORGENTA**

MUNICH achieved a clear increase in both the number of exhibitors (987, + 7%) and visitors (around 27,500, + 6%) compared to the previous year.

With effect for March 7, 2017, Messe München has founded a subsidiary company in Brazil: Messe Muenchen do Brasil Feiras Ltda. Among other activities, the new company will be organizing the construction machinery show **M&T Expo** in São Paulo; taking place every three years, this is South America's second-biggest fair. Messe München is thus strengthening its leading position worldwide as organizer of construction machinery shows.

Not least, the year of 2017 at the Munich exhibition center will be characterized by the large construction site for the **new exhibition halls C5 and C6** and the new conference area.

Munich, March 31, 2017



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

CONSOLIDATED BALANCE SHEET

as of December 31, 2016
Messe München GmbH

ASSETS	DEC. 31, 2016 EUR	PREVIOUS YEAR TEUR
A. Fixed assets		
I. Intangible fixed assets	24,562,644.42	7,334
II. Tangible fixed assets	896,981,166.04	915,085
III. Investments	21,112,738.34	38,374
	942,656,548.80	960,793
B. Current assets		
I. Stocks		
1. Raw materials and supplies	111,737.24	111
2. Work in progress	1,375,497.44	1,406
3. Finished goods and merchandise	32,989.99	43
4. Advance payments	2,611,753.96	532
	4,131,978.63	2,092
II. Receivables and other assets		
1. Trade receivables	12,292,592.39	9,041
2. Receivables from associated companies	42,141.39	122
3. Receivables from investment companies	0.00	170
4. Other assets	10,467,779.85	6,800
	22,802,513.63	16,133
III. Cash in hand, cash at banks	187,317,997.01	111,184
	214,252,489.27	129,409
C. Prepaid expenses and deferred charges	4,440,468.73	5,179
D. Positive difference from asset allocation	88,474.49	0
	1,161,437,981.29	1,095,381
EQUITY AND LIABILITIES	DEC. 31, 2016 EUR	PREVIOUS YEAR TEUR
A. Capital and reserves		
I. Capital subscribed	248,656,580.58	248,656
II. Capital reserves	98,400,090.21	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	9,178,413.55	10,941
VI. Consolidated accumulated loss	-75,382,755.33	-94,807
VII. Minority interests	1,534,576.45	1,100
	280,672,868.16	244,106
B. Shareholder loans	520,755,022.66	520,755
C. Provisions		
1. Provisions for pensions and similar liabilities	10,787,037.00	11,483
2. Provisions for taxation	13,916,208.31	3,476
3. Other provisions	44,009,103.25	39,668
	68,712,348.56	54,627
D. Liabilities		
1. Bank loans and overdrafts	132,749,730.70	153,899
2. Advance payments received from customers	71,182,921.68	68,541
3. Trade liabilities	13,236,230.03	10,556
4. Liabilities to shareholders	70,473,513.44	38,916
5. Other liabilities	3,655,346.06	3,980
	291,297,741.91	275,892
E. Deferred income	0.00	1
	1,161,437,981.29	1,095,381

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the business year from January 1 to December 31, 2016
Messe München GmbH, Munich

	2016 EUR	PREVIOUS YEAR TEUR
1. Sales	428,092,916.15	277,440
2. Change in work in progress	-30,131.81	-1,289
3. Other operating income	7,630,462.92	6,165
	435,693,247.26	282,316
4. Event expenses	-169,532,168.01	-117,067
5. Personnel costs		
a) Wages and salaries	-55,584,557.42	-50,141
b) Social security contributions and pension and support costs of which pension costs EUR 2,781,656.00; previous year TEUR 1,809	-11,335,412.92	-11,024
6. Amortization of intangible fixed assets and depreciation of tangible fixed assets	-39,570,253.17	-36,624
7. Other operating expenses	-51,375,020.24	-48,205
8. Income from participating interests	583,108.70	494
9. Result from participating interests in associated companies	3,975,801.35	6,428
10. Other interest and similar income	1,922,852.53	2,207
11. Interest and similar expenses of which to shareholders EUR 69,746,686.00 (previous year TEUR 38,902)	-74,572,053.68	-45,060
12. Taxes on income	-15,577,511.75	-2,667
13. Result after tax	24,628,032.65	-19,343
14. Other taxes	-4,408,437.64	-3,586
15. Consolidated net result income for the year before minority interests	20,219,595.01	-22,928
16. Minority interests' share of result	-795,768.22	-760
17. Consolidated net income for the year	19,423,826.79	-23,688
18. Consolidated accumulated loss in previous year	-94,806,582.12	-71,119
19. Consolidated accumulated loss	-75,382,755.33	-94,807

IMPRINT

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