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2014 significantly better than expected

Excellent result between two record years

New benchmarks for 2015 — €60 million profit by 2019 — investment urgently needed

Koelnmesse achieved a significantly better business result in 2014 than expected, in spite of the lower turnover due to the regular trade fair cycles. The turnover for 2014 was approximately €230 million, an increase of €7 million over the originally calculated amount. The expected loss due to the regular trade fair cycles was in the single-digit million range and thus considerably lower than the planned loss for 2014. To follow up its previous record-setting year 2013, Koelnmesse will once again post record-setting figures in 2015. The company is planning to achieve a record turnover (approximately €300 million) and benchmark profits (about €20 million) in the current business year. According to the present stage of planning, the company will have a total surplus of almost €60 million by 2019. This surplus will be entirely invested in Koelnmesse 3.0, which will cost approximately €600 million and be the biggest investment program in Koelnmesse's history.

"We have once again exceeded an interim target we've set for ourselves. We've achieved a significantly better result than we had expected for a year that separates two record-setting business years," said Koelnmesse President and Chief Executive Officer Gerald Böse at the presentation of the business result for 2014. According to Böse, the main reasons for this development were the above-target positive development of a number of Koelnmesse's own events, the guest events in Cologne that were supported by Koelnmesse Ausstellungen GmbH, and the company's service business in general. However, in spite of the satisfaction with the company's sustainably successful course and its excellent future outlook, Böse warned that a prudent approach will be needed in the future. "In order to actually generate the planned surplus of

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almost €60 million by 2019, we need a stable economic situation. In addition, we have to continuously raise the quality of our leading trade fairs and our guest events in order to continue our profitable growth in Germany and abroad," he said.

Above-average development of events

In 2014 the development of a large proportion of Koelnmesse events surpassed the average figures determined by the Association of the German Trade Fair Industry (AUMA) for all three parameters that are important in the trade fair sector. The average increase of exhibitors was approximately 1 percent, according to AUMA — but EISENWARENMESSE – INTERNATIONAL HARDWARE FAIR COLOGNE, for example, posted an almost 5 percent increase in exhibitors compared to the previous event, and ISM and gamescom posted increases of over 6 percent. Whereas the average increase of visitors calculated by AUMA was 1 percent, spoga+gafa/spoga horse (fall) welcomed over 7 percent more visitors than the previous event, for example. Meanwhile, dmexco had over 10 percent more visitors than before, and h+h cologne posted an increase of more than 18 percent. In terms of the stand area occupied by exhibitors, the AUMA determined there was no growth in the sector. At Koelnmesse, however, ORGATEC, for example, increased this figure by almost 4 percent, gamescom by almost 12 percent, and dmexco by more than 20 percent.

The success of the guest event business supported by Koelnmesse Ausstellungen GmbH makes a major contribution to the excellent results of the Koelnmesse consolidated companies. Once again, outstanding figures were posted in 2014 by FIBO, which is organized by Reed Exhibitions Deutschland GmbH. In the two years since FIBO's move from Essen to Cologne, it has increased its total number of visitors by almost 50 percent to approximately 116,000. Overall, the key figures for guest events in Cologne once again increased significantly compared to the previous year. Exhibitor figures increased by 21 percent, visitor figures by 59 percent, and stand area by 33 percent.

Target: being the world's most attractive city-center exhibition grounds by 2030

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Koelnmesse will invest all of the surplus funds it expects to generate in the coming years in the modernization of its exhibition grounds and the further expansion of its event portfolio in Germany and abroad. "The target of Koelnmesse 3.0, which is the most extensive investment program in our company's history, is to make Koelnmesse the world's most attractive city-center exhibition grounds by 2030 and to continue being among the top ten companies in the global trade fair sector in terms of all the important parameters," said Gerald Böse as he formulated the company's course in the near and midrange future.

In the next 15 years, Koelnmesse 3.0 will make the company's exhibition grounds, which are already the fifth-largest in the world, fit for the trade fair and event business of the future. This future will be characterized by digitization, eventization, trade fairs held in parallel, and new formats consisting of a combination of congresses and exhibitions: CONFEX®. Between 2015 and 2030, Koelnmesse will implement a series of measures:

- Modernization and maintenance measures focusing on the southern section of the exhibition grounds, which cover 200,000 square meters. Technical renovation alone will require investments in the triple-digit millions of euros.
- Construction of Hall 1plus with a gross exhibition area of almost 10,000 square meters. This will make it possible to restructure the exhibition grounds faster without disturbing ongoing trade fair business operations. A top-quality exhibition area of 284,000 square meters will then be available, even in cases where individual hall areas are temporarily closed.
- Improvement of the traffic and parking area situation. This will include the construction of parking garage capacity close to the exhibition grounds in order to compensate for the elimination of parking areas due to planned development projects in the vicinity.
- Measures in the halls and the outdoor areas that will enhance their attractiveness, such as plantings, lighting, and façade design, as well as improved signposting inside and outside the exhibition grounds.

- Improvement of the technology that provides the trade fair participants with options for digital and interactive marketing.
- Construction of a new central entrance terminal for the Southern Halls that will replace the Congress Centers West and East and serve as a connection to the adjacent halls. This will result in a further significant increase of the exhibition grounds' flexibility.
- The construction of a CONFEX® Hall that can be used flexibly as a venue for trade fairs, congresses, and events for corporate customers. It will offer space for about 4,000 participants and make it possible to stage new event formats consisting of a combination of a congress and an exhibition. It will thus fill a gap in Cologne's congress business that has existed for years.

Koelnmesse has received the green light from its committees for Phase 1 of this project, which will last from 2015 to 2020. The cost of this phase will amount to €204 million, which Koelnmesse will finance in full on its own. In addition, the company will finance the entire Koelnmesse 3.0 investment program until 2030 without any subsidies from its public shareholders, and it will directly reinvest the profits it expects to earn during this period.

A stronger focus on South America — a new subsidiary in Brazil

Future investments will focus on the company's business abroad in addition to its infrastructure measures and the leading trade fairs held in Cologne.

Koelnmesse is increasingly focusing on South America and adding it to its target markets, which so far have been China, India, Russia, and the Middle East, including Turkey. In line with this policy, the company entered into a cooperative agreement in 2014 with the Colombian trade fair company Corferias. It also founded a new subsidiary in Brazil, Koelnmesse Organização de Ferias Ltda., with headquarters in Rio de Janeiro, and celebrated the successful market launch of the new food fair International FoodTec Brasil in Curitiba, Brazil.

According to Gerald Böse, the preconditions for Koelnmesse's growth are excellent, not only in Germany but also abroad. "Today Koelnmesse once again has an outstanding reputation all over the world as a highly successful trade fair organizer and a potential business partner," he said. So far, three new

Koelnmesse events abroad have been announced for 2015: the food fair ANUFOOD Eurasia in Istanbul in May, the tool trade fair Eurasia ExpoTool in September, also in Istanbul, and UrbanTec Brasil in Rio de Janeiro in late September/early October.

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Further innovations are in the making, according to Gerald Böse. "In addition to the new trade fairs that are already being implemented or have been agreed on, we have identified about a dozen international projects that could become successful Koelnmesse events abroad," he said. The new events will complement the approximately 30 Koelnmesse events that are staged abroad, some of which are leading events in their respective regions, such as the China International Hardware Show, interzum guangzhou, and THAIFEX – World of Food Asia.

All in all, Koelnmesse has a broad international scope. It has more than 100 representative offices abroad, including nine subsidiaries. In terms of exhibitor and visitor numbers, the company is one of the world's most international trade fair organizers. Almost 70 percent of its exhibitors and a third of its visitors come from abroad.