

# Annual Financial Statements 2018

# Preface

61+1 events, more than 1.2 million square meters of gross floor space occupied, annual revenue of 104.3 million euros, two leading trade fairs with record numbers of exhibitors, several awards and a historic political party conference – the year 2018 at Hamburg Messe und Congress GmbH was varied, turbulent and successful. In addition to eleven of our own trade fairs, we hosted 31 guest events and 19 events on the exhibition grounds that had to be relocated due to the temporary closure of the CCH – Congress Center Hamburg. Plus there was our In-Water Boat Show in Neustadt/Holstein. At the same time we were once again able to exceed our own revenue target. We would like to take this opportunity to sincerely thank all our exhibitors, visitors and business partners for their loyalty and our close working relationship.

Once again, our own events laid the foundation for another very good result: including the related services, they generated around three quarters of revenue. In particular they comprised the three leading fairs, the INTERNORGA with 1,300 exhibitors, WindEnergy Hamburg, which increased the number of exhibitors compared with the first event in 2014 by almost 20 percent to 1,482, and the SMM – the leading international maritime trade fair – where the number of exhibitors has risen by almost 1,000 since the year 2000 to 2,289. For the two latter trade fairs these were record exhibitor numbers. SMM is also the only fair in Hamburg to take place in 13 halls, since two high-grade temporary structures supplemented the existing eleven exhibition halls.

In total, we welcomed 745,769 participants and visitors to the events on our exhibition grounds in the past fiscal year. A total of 722,649 attended trade fairs and guest events, with another 23,120 visitors reported for the 19 CCH events that took place on the exhibition grounds. And the previous year's outstanding results were beaten again with a gross floor area used of 1,221,888 square meters.

The Global Wind Summit attracted great attention in 2018: it was the first time that the WindEurope global conference took place at the same time as the WindEnergy Hamburg. For four days that made the Hanseatic city the center of the global wind power industry and a meeting place for all the industry experts. International exhibitors at the WindEnergy Hamburg accounted for more than 50 percent for the first time.

NORTEC, our highly specialized trade fair for production, celebrated its 30th anniversary in 2018 with a focus on manufacturing 4.0. The fair always works closely with businesses, universities and policymakers to highlight the latest challenges and present solutions, and this year particularly showcased 3D printing and digital production.

In addition to our own trade fairs, our Guest Events Department organized 31 exhibitions, cultural and sporting events and festivals, contributing once again to the very good result for 2018. Particular highlights were the hellA Hamburg halbmaraThon, which took place for the first time at Hamburg Messe und Congress in 2018, and the POST EXPO, the leading global trade fair for the mail, parcel and express delivery sector. However, the greatest attention came from the 31st conference of the CDU party, for which more than 1,000 international journalists arrived in town – partly because Chancellor Angela Merkel had announced beforehand that she would be resigning as head of the party after more than 18 years.

# Preface

Our International Department accompanied a total of 347 German exhibitors to fairs in ten countries in 2018. We were active on every continent in the world, with the exception of Australia. Customers were advised by us at the SIAL Food and Gastronomy Fair in Paris, the Seatrade Cruise Global fair for the cruise and tourist industry in Miami, and the Offshore Technology Conference Houston (OTC), which caters to the oil and gas industry.

At the same time the German pavilion was prepared for the EXPO 2019 in Beijing. But three new events that we kicked off in the reporting year will be a particular focus in 2019: the MARINE INTERIORS Cruise & Ferry Global Expo, powered by SMM, in September 2019, the therapie Hamburg in October, a trade fair and congress for physiotherapists, masseurs and medical swimming instructors, and the Hamburg Open – a mixture of a trade fair and a get-together for the German broadcasting and media technology sector – which opens on the exhibition grounds in January 2020.

Overall, Hamburg Messe und Congress is organizing ten of its own events in 2019: eight on the exhibition grounds in Hamburg, the HAMBURG ancora YACHTFESTIVAL on the site of ancora Marina in Neustadt/Holstein, and South Asia's biggest maritime exhibition and conference, the INMEX SMM India in Mumbai. Then there are more than 20 CCH events, again including four annual general meetings and numerous medical congresses. One highlight is the Rotary International Convention in June, which will host more than 26,000 Rotarians from all over the world.

Abroad, the HMC is organizing around 20 German joint participations on behalf of various federal ministries and on its own initiative in 2019. They include events in South Korea, Indonesia and Kenya. More than 30 guest events will also contribute to the planned revenue of 68.2 million euros, including many new guests like Spielmesse Hamburg.

We would like to take this opportunity to thank all our employees, without whose enthusiasm and dedication our sustained success in recent years would not have been possible. We would also like to thank our Supervisory Board for its highly committed support during the year under review and look forward to the 2019 event year.

Yours sincerely,

Bernd Aufderheide  
President and Chief Executive Officer



Uwe Fischer  
Chief Financial Officer



# Hamburg Messe und Congress GmbH in figures

	2018	2017	2016	2015	2014
<b>Financial figures (in € million)</b>					
Revenue	104.3	72.8	110.9	62.0	99.8
Balance sheet total	83.2	81.6	117.2	114.8	116.5
<b>Staff</b>					
Employees (full-time/FTEs)	255	254	262	257	250
Trainees (average)	21	20	20	21	20
<b>Hamburg Messe (2017 and 2018 incl. CCH)</b>					
Total trade fair exhibitors	14,104	9 983	15,277	9,751	14,138
of which own events	8,217	3 452	8,217	3,317	8,372
of which guest events	5,736	6 448	7,060	6,434	5,766
of which CCH events	151	83			
Total trade fair visitors	745,769	668 974	766,314	568,142	831,388
of which own events	377,341	284 485	443,548	253,381	518,629
of which guest events	345,308	338 119	322,766	314,761	312,759
of which CCH events	23,120	46 370			
Total gross area used (excl. outdoor areas) in m <sup>2</sup>	1,221,888	1,078 561	1,041,409	816,322	982,829
Number of trade fairs and exhibitions	61+1*	63+1*	44+1*	42+1*	41+1*
of which own events	11+1*	7+1*	10+1*	6+1*	11+1*
of which guest events	31	31	34	36	30
of which CCH events	19	25			
* external events					
<b>Abroad</b>					
Number of trade fairs and exhibitions	15	17+1**	14+1**	26	13
of which joint events	14	16	14	25	13
Total exhibitors	347	702	404	1,150	594
of which joint events	347	423	404	788	594
** EXPO participation					
<b>CCH – Congress Center Hamburg (2017 and 2018 under Hamburg Messe)</b>					
Total events			226	224	247
of which congresses and conferences			130	120	141
of which other events			96	104	106
Total participants			292,763	326,307	390,101
of which congresses and conferences			150,041	161,720	213,588
of which other events			142,722	164,587	176,513

There is no comparability with previous years for 2017.

The CCH events carried out on the exhibition grounds during the revitalization phase are included in the Hamburg Messe figures.

# Balance Sheet / Income Statement

## 2018 annual financial statements of Hamburg Messe und Congress GmbH

### BALANCE SHEET: Assets as of December 31, 2018

	2018	2017
(in EUR thousand)		
1. Fixed assets	57,588	52,459
2. Current assets	25,571	29,189
Total ASSETS	83,159	81,648

### BALANCE SHEET: Equity and liabilities as of December 31, 2018

(in EUR thousand)		
1. Equity	11,679	11,679
2. Liabilities	71,480	69,969
Total EQUITY AND LIABILITIES	83,159	81,648

## INCOME STATEMENT

for the fiscal year January 1 to December 31, 2018

(in EUR thousand)		
1. Total revenue	105,559	79,156
2. Personnel expenses	20,755	19,328
3. Other expenses	86,387	82,229
4. Profit/loss before loss absorption	-1,583	-22,401

FIDES Treuhand GmbH & Co. KG Wirtschaftsprüfungsgesellschaft issued an unqualified auditor's report for the unabridged annual financial statements and the management report on March 11, 2019.

# Management Report 2018

## A. Business and economic environment

### 1. The German trade fair and exhibition market

According to preliminary calculations by the Association of the German Trade Fair Industry (AUMA), the number of exhibitors at the 178 international and national trade fairs in Germany rose +1.5 percent in 2018 compared to the respective previous events. Rented stand space increased +1.0 percent, whereas visitor numbers declined again slightly by -0.5 percent compared with the respective previous events. For the year 2019, AUMA expects the 174 planned international and national trade fairs to see a further slight increase in exhibitor numbers and stable visitor numbers. This assessment is supported by a survey of exhibitors who exhibit primarily at B2B trade fairs. The study was carried out by the market research institute TNS Emnid on behalf of AUMA. It also found that German companies wanted to increase their exhibition budgets for the next two years by an average of 3 percent compared to 2017/2018.

### 2. Foreign business

The Foreign Ministry of Economics and Energy (BMWi) and the Federal Ministry of Food and Agriculture (BMEL) support German exhibitors at foreign trade fairs with their foreign trade fair program. The number of participations in foreign trade fairs amounted to 249 in 2018. For the year 2019 the BMWi is currently planning 270 participations, of which 111 are in Asia – of which 51 in China, including Hong Kong – and 44 in European countries outside the EU. 37 of the total are in Russia. It is followed by Middle East with 40, North Africa with 26, Latin America with 22 and Africa with 21 events. The BMEL is planning 38 participations in 2019. The main regions are Asia with 16 participations and the European countries outside the EU with seven participations.

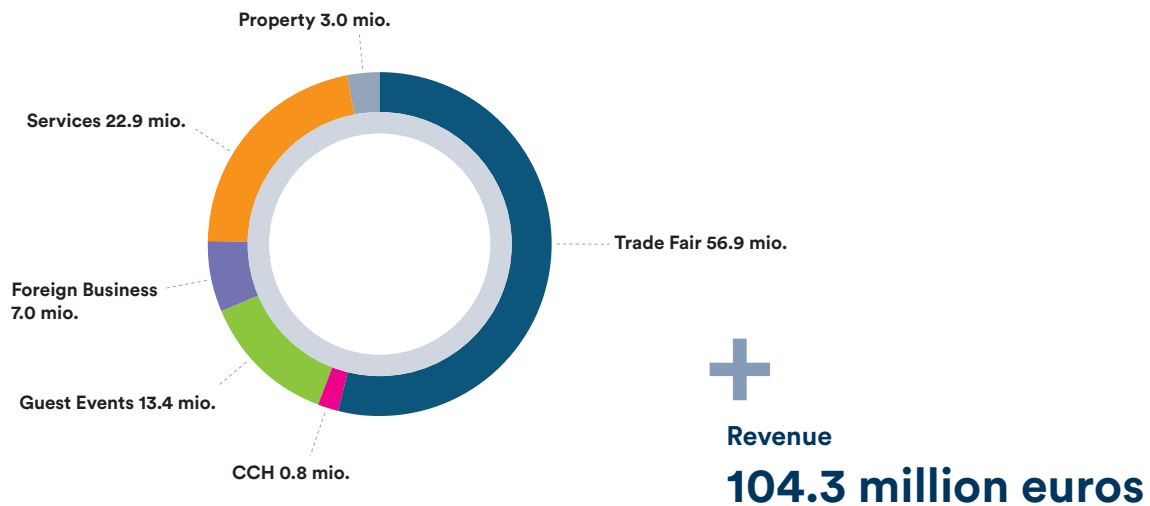
### 3. The national and international congress and conference business

Figures for the performance of the domestic and international congress market are not yet available for 2018. In 2017 Germany was a growth market, however, according to the Meeting & Event Barometer. The number of participants rose year on year by +2.8 percent to 405 million. This put Germany in first place among European conference and congress destinations for the 14th consecutive year, according to the annual ranking by the International Congress and Convention Association (ICCA). In the global ranking, Germany remains in second place after the USA. Particularly striking is the share of international participants, which was up year on year +10.9 percent to 36.5 million.

## B. Business development of HMC

Hamburg Messe und Congress GmbH (HMC) generated revenues of 104.3 million euros in 2018. This was 6.6 million euros down on the reference year 2016, which is due to the closure of the CCH – Congress Center Hamburg for revitalization purposes. The largest share of revenue (89 percent) was generated by the Own Events and Guest Events Trade Fair and Services divisions.

# Management Report 2018



## 1. Hamburg Messe division

In terms of realized revenues, the Hamburg Messe division developed slightly better than planned. The outperformance was particularly due to the exhibitions WINDENERGY HAMBURG and OOHH!

NORTEC celebrated its 30th jubilee in 2018 and set a new exhibitor record with growth of +4 per cent compared with the previous event. Plant and components from the production technology sector were in greater demand at the fair, thanks to the strong performance of the industry. The exhibition focused on 3D printing, electronics manufacturing, packaging and logistics and special activities for start-ups.

HOME<sup>2</sup>, the exhibition for real estate, building and refurbishment, took place for the second time in 2018. The number of exhibitors and the rented space were up compared with the first event, whereas visitor numbers were slightly down.

OOHH! was held for the first time, combining the individual brands TRAVEL HAMBURG, CRUISE WORLD HAMBURG, CARAVANING HAMBURG AND BIKE HAMBURG. The exhibition profited from the upturn in the caravan industry, which drove the rented space up by +18 percent compared with the predecessor event TRAVEL. At the same time the number of exhibitors and visitors increased.

In 2018, INTERNORGA once again demonstrated its position as the leading trade fair in the German gastronomy industry. In its 92nd edition, 1,278 exhibitors occupied the exhibition grounds including a lightweight construction hall. The Association of the German Trade Fair Industry (AUMA) classifies the INTERNORGA as the only international trade fair for gastronomy in Germany, thanks to its share of professional visitors from abroad.

HANSEPFERD Hamburg reported an increase in exhibitors and the net exhibition space. Visitor numbers went up significantly in 2016, but fell in 2018.

# Management Report 2018

For the eighth year in a row, the HANSEBOOT ANCORA BOAT SHOW took place at ancora Marina in Neustadt/Holstein in 2018. This event grew significantly to 169 exhibitors and 18,000 visitors.

SMM 2018 took place on the entire exhibition grounds, including two lightweight construction halls, and hosted 2,249 exhibitors from 67 countries with trade visitors from 125 nations. Digitalization in the maritime industry and more ecological shipping were the overarching themes of the exhibition and its accompanying conferences. The SMM was also the first maritime trade fair to highlight “maritime 3D printing” in a special show with live printing.

WINDENERGY HAMBURG took place for the third time in 2018. The number of visitors increased around +4 percent. The leading industry congress, the WindEurope Conference, was held concurrently with the WINDENERGY HAMBURG in the exhibition halls. Together, the two events – the leading global fair and the conference – form the Global Wind Summit.

COTECA took place for the fifth time, with a larger number of exhibitors, from 28 nations. The net exhibition area remained roughly stable compared with the previous event. Around 31 percent of visitors came from abroad.

HAMBURG MOTOR CLASSICS was held for the second time, occupying three halls on the A grounds. As with the launch event, both exhibitor and visitor numbers were below expectations. Reasons included flat demand for classic cars and a high density of classic car events.

GET NORD, a trade fair for electrics, plumbing, heating and air conditioning in northern Germany, saw increases of +13 percent for exhibitors and +12 percent for the net rental area in 2018. Only the number of visitors was down.

MINERALIEN HAMBURG, Northern Europe’s largest trade fair for minerals and jewelry, recorded a year-on-year increase in rented exhibition space, with the number of exhibitors almost stable.

The Guest Events division developed better than planned in the year under review. Revenue was +24 percent higher than the original budget. The largest of the 31 guest events were the AIRCRAFT INTERIORS EXPO along with NORDSTIL Summer and NORDSTIL Winter.

A total of 43 trade fairs and exhibitions were held in 2018 (2016: 45), including 12 own events (eleven on the exhibition grounds, one in Neustadt/Holstein). 722,649 visitors attended the events held in Germany – 40,916 fewer than in the reference year 2016. This decline is primarily due to the absence of the HANSEBOOT, which last took place in 2017. The gross rented space rose slightly compared to the reference year 2016 (+5 percent) and amounted to 1,089,982 square meters. Additional gross hall space of 131,906 square meters was let for CCH events held on the exhibition grounds in 2018.



# Management Report 2018

## 2. Foreign Business division

Every year Hamburg Messe und Congress GmbH (HMC) organizes many joint participations in trade fairs, mainly on behalf of the Federal Ministry of Economics and Energy (BMWi), and the Federal Ministry of Food and Agriculture (BMEL). This year, the focus of the participations was on the maritime, oil and gas, hotel, gastronomy and airport construction and technology industries. In the reporting period HMC organized 13 joint participations on behalf of the BMWi. Highlights of the international activities were the successful organization and implementation of the Seatrade Cruise Global, with 44 exhibitors, and the Offshore Technology Conference (OTC) in Houston, with 67 exhibitors, along with the first organization of a German joint participation at a trade fair in Chile – the FIDAE in Santiago de Chile. The year 2018 was also marked by preparations for organizing the German contribution to the EXPO 2019 in Beijing on behalf of the BMEL. The EXPO is taking place from April 29 to October 7, 2019.

## 3. CCH division

Since January 1, 2017, the CCH – Congress Center Hamburg – has been closed for the revitalization decided by the Free and Hanseatic City of Hamburg in 2014. During the renovation period, CCH customers will be offered an interim solution on the exhibition grounds. In 2018 the events included ENDOCLUBNORD with 2,100 participants, a works meeting of the Elbkinder association of Hamburg kindergardens, with 2,150 participants, and the annual general meetings of Beiersdorf AG and Hamburg Hafen und Logistik AG (HHLA) with 1,500 and 1,000 participants respectively.

## C. Economic situation

### 1. Development of revenue

Hamburg Messe und Congress GmbH (HMC) reported revenues of 104.3 million euros in 2018 (2016: 110.9 million euros). The total revenue of 2018 breaks down to the individual divisions as follows: Trade Fair: 56.9 million euros, CCH: 0.8 million euros, Guest Events: 13.4 million euros, Foreign Business: 7.0 million euros, Services: 22.9 million euros. Revenue from the Property division totaled 3.1 million euros.

### 2. Profit/loss for the year

The 2018 fiscal year ended with a loss for the year of -1.6 million euros before loss absorption by HGV (2016: -1.9 million euros). Lower maintenance expenses and lower depreciation and amortization meant earnings were better than in the reference year 2016. However, these improvements were offset by lower revenues due to the closure and revitalization of the CCH. Lower depreciation and amortization resulted from transferring non-current assets in the CCH extension from 2007 to CCH Immobilien GmbH & Co. KG. The result for the year 2018 was 2.3 million euros higher than forecast. This positive difference is largely due to better business performance, particularly in the Trade Fair and Guest Events divisions.

# Management Report 2018

## 3. Employees

At the end of 2018, Hamburg Messe und Congress GmbH (HMC) had 310 employees (2017: 300), of which 287 were on permanent and 23 on temporary contracts (2017: 273 permanent and 27 temporary contracts). Expressed in FTEs, HMC had around 255 (2017: 254) as at year-end. In addition, HMC provided 21 apprenticeships for prospective event, office and IT administrators, event technology specialists and Bachelor of Arts (BA) students participating in dual study programs.

HMC would also like to keep expanding the share of women in management positions. The goal of increasing the share to at least 40 percent by 2017 was already achieved in 2016. As at year-end 2018 women accounted for 41 percent of the management positions.

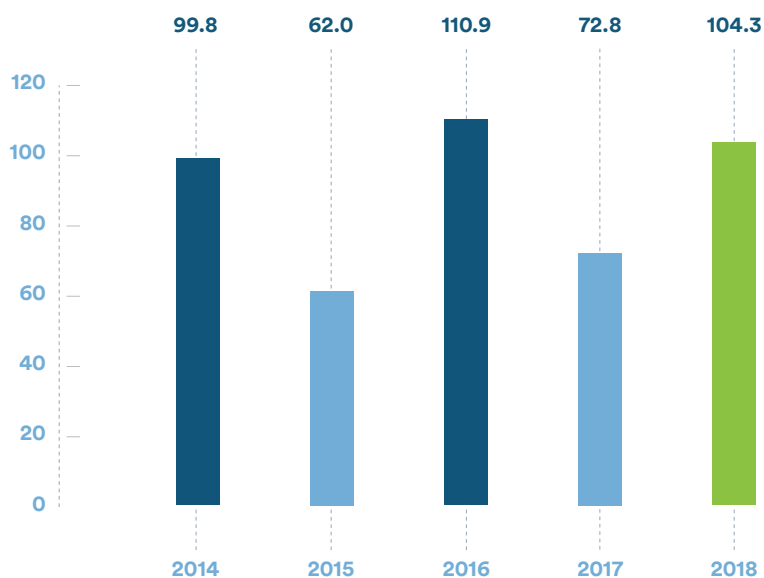
## 4. Net assets

Total assets increased by 1.5 million euros to 83.2 million euros in the year under review, resulting in a fall in the equity ratio from 14.3 percent to 14 percent.

## 5. Financial position

A control and profit transfer agreement and a Group clearing agreement exist with the parent company HGV. The liquidity of the company is thereby guaranteed at all times.

## Revenue (in € million)



# Management Report 2018

## D. Outlook, risks and opportunities of future development

### 1. Outlook

Due to the rotation of events, fewer own events will take place in fiscal year 2019 than in even-numbered years. HMC is planning to continue its profitable growth and break even over a two-year period by 2025. Hence, a strategy entitled "ROAD TO 2025" was developed, which describes the challenges, goals, and fields of action to reach this goal. Growth will be primarily achieved through the expansion of HMC's own trade fairs, the acquisition of profitable guest events and the hosting of additional events in the CCH once it has reopened. Collaborations with other domestic and foreign trade fair organizers will also be considered and larger numbers of events acquired for the uneven years wherever possible.

### 2. Earnings

Hamburg Messe und Congress GmbH (HMC) anticipates revenue of 68.2 million euros for the 2019 fiscal year, which corresponds to a decline in revenue of -6.3 percent compared with the reference year. The contraction is mainly due to an amendment in the contract for organizing the EXPO 2019 in China, but which will have no impact on the result for the year. Owing to the significant financing costs for leasing the "Neue Messe" in particular, the company expects to post a net loss before loss absorption. Property costs will continue to have a negative impact on earnings in the coming years. Higher losses are also expected in the future, especially in uneven years. The current strategy calls for HMC to break even over a two-year period by 2024-25.

HGV will absorb the losses that are expected in the coming years within the scope of the existing profit and loss transfer agreement.

### 3. Risk report

#### Risk management

Hamburg Messe und Congress GmbH (HMC) maintains a risk management system that enables a timely and systematic analysis and evaluation of the company's exposure to risk as well as the development of pertinent countermeasures. The analyses and assessments relate to both strategic and operational risks.

At present, HMC is unaware of any risks that could jeopardize its future development.

No financial risks are apparent.

Hamburg, March 7, 2019

Bernd Aufderheide  
President and CEO

Uwe Fischer  
Managing Director

# Report of the Supervisory Board

The Supervisory Board regularly reviewed the situation and development of Hamburg Messe und Congress GmbH (HMC) in the past fiscal year. In the year under review, it performed the duties incumbent upon it by law and the Articles of Association. The Supervisory Board continuously advised and monitored the Management Board of HMC in its management of the company.

The Supervisory Board complied with the requirements of the Hamburg Corporate Governance Code and issued a statement of compliance together with the company's Management Board.

The Management Board informed the Supervisory Board regularly, timely and comprehensively in written and verbal form about the relevant issues of corporate planning, strategic development and the results achieved in the company, including the risk situation.

The Supervisory Board held four ordinary meetings in the reporting year. One Supervisory Board resolution was also passed by circulation of documents and one by telephone. The Finance Committee met twice and the Construction Committee three times. The Human Resources Committee held four ordinary meetings in the reporting year.

On Monday, June 18, 2018, the Annual General Meeting of Hamburg Messe und Congress GmbH appointed FIDES Treuhand GmbH & Co. KG (FIDES) to audit the company's annual financial statements and to ensure the company's due and proper conduct of business for the fiscal year from January 1 to Monday, December 31, 2018.

FIDES audited the annual financial statements – consisting of balance sheet, income statement and notes – together with the bookkeeping system and the management report for the fiscal year from January 1 to Monday, December 31, 2018.

The audit has not led to any reservations. In the opinion of FIDES and based on the findings of its audit, the annual financial statements comply with the legal requirements and give a true and fair view of the company's net assets, financial position and results of operations in accordance with the German principles of proper accounting. The management report is consistent with the annual financial statements, provides a suitable overview of the company's situation and suitably presents the opportunities and risks of future development.

The Finance Committee at its meeting on Monday, May 20, 2019, and the Supervisory Board at its meeting on Wednesday, June 19, 2019, examined the annual financial statements, the management report and the report from FIDES in detail. The Supervisory Board has no objections to these documents and agrees with the results of the auditor's report. The Supervisory Board approves both the management report and the annual financial statements as of Monday, December 31, 2018.

The Supervisory Board thanks the Management Board and the employees for the particularly successful fiscal year 2018.

Hamburg, June 2019

Johann C. Lindenberg  
Chairman of Supervisory Board

# Supervisory Board 2018

## Name

## Position

Johann C. Lindenberg

Economist, Former National Chairman Unilever Germany  
(chairman of the supervisory board)

Christi Degen

General Manager, Hamburg Chamber of Commerce  
(Since March 6, 2018)

Brigitte Engler

Managing Director Hamburg City Management

Jutta Hartung

Employee Department of Finance, Free and Hanseatic City of Hamburg

Hartmut Hofmann

Director Production CCH, Hamburg Messe und Congress GmbH

Kai Hollmann

Managing Director, Gastwerk Hotel Hamburg  
Verwaltungsgesellschaft mbH

Claudia Jeske

Project Manager, Hamburg Messe und Congress GmbH

Dr. Rainer Klemmt-Nissen

Managing Director, HGV Hamburger Gesellschaft für Vermögens-  
und Beteiligungsmanagement mbH (Until June 18, 2018)

Oliver Jensen

Managing Director, HGV Hamburger Gesellschaft für Vermögens-  
und Beteiligungsmanagement mbH (Since June 19, 2018)

Martin Köppen

Office Manager, Department of Economics, Transport and Innovation,  
Free and Hanseatic City of Hamburg

Dr. Renate Krümmner

Owner / Managing Director, KRÜMMER fine art e. K.

Loretta Marsh

Chairperson Works Council, Hamburg Messe und Congress GmbH

Frank Minak

Technical Project Manager, Hamburg Messe und Congress Gm

# Statement of compliance

## with the Hamburger Corporate Governance Code (HCGC)

The Management Board and the Supervisory Board of Hamburg Messe und Congress (HMC) hereby declare:

“With two exceptions, Hamburg Messe und Congress GmbH complied with all the regulations of the Hamburg Corporate Governance Code, for which the Management Board and Supervisory Board were responsible during the fiscal year 2018. The following items were not observed:

- Section 5.1.5: The six-week period for distributing the minutes regarding resolutions made by the Supervisory Board could not be adhered to at all times as the draft minutes had to be approved prior to their publication and the approval processes were not completed in time.
- Section 5.4.8: One member of the Supervisory Board attended less than half of the meetings of the Supervisory Board in person during the fiscal year 2018.”

In the fiscal year 2018, Mr. Aufderheide received total gross compensation in the amount of 307,385.32 euros. Mr. Fischer received total gross compensation in the amount of 249,872.30 euros. The breakdown of the total compensation can be viewed online at [www.hamburg-messe.de](http://www.hamburg-messe.de).

Hamburg, June 2019

Johann C. Lindenberg  
Chairman of Supervisory Board

Bernd Aufderheide  
President and CEO

Uwe Fischer  
Managing Director



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