

Annual Report 2017

Messe Düsseldorf Group

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Shareholders and Board of Management

of Messe Düsseldorf GmbH

Shareholders

	€ '000	Proportion of capital held
City of Düsseldorf	8,829	56.50 %
Industrieterrains Düsseldorf-Reisholz AG, Düsseldorf	3,125	20.00 %
The Land of North Rhine-Westphalia via its holding company Beteiligungsverwaltungsgesellschaft des Landes Nordrhein-Westfalen mbH, Düsseldorf	3,125	20.00 %
The Düsseldorf Chamber of Industry and Commerce	273	1.75 %
The Düsseldorf Chamber of Handicrafts	273	1.75 %
Nominal capital	15,625	100.00 %

The Management

Dipl.-Betriebswirt Werner M. Dornscheidt	CEO, Chairman of the Managing Board	Düsseldorf
Dipl.-Kaufmann Hans Werner Reinhard		Düsseldorf
Joachim Schäfer, MICS, MCP		Düsseldorf
Dipl.-Kaufmann Bernhard J. Stempfle		Düsseldorf

Supervisory Board

of Messe Düsseldorf GmbH

Supervisory Board of Messe Düsseldorf GmbH in 2017

In the business year under review, the Company's Supervisory Board was made up as follows:

Chairman

Thomas Geisel, Mayor of Düsseldorf, capital of North Rhine-Westphalia

Vice-Chairpersons

Andreas Ehlert, President of the Düsseldorf Chamber of Handicrafts – as from May 2017

Andreas Hartnigk, Lawyer, Member of Düsseldorf City Council

Gabriele Schafer, Chair of the Employees' Council, Messe Düsseldorf GmbH Employees' Representative

Members

Uwe Balzer, Company Engineer, Messe Düsseldorf GmbH Employees' Representative

Dr.-Ing. h.c. Wolfgang R. Bays, Vice-President of Düsseldorf Chamber of Industry and Commerce

Bernd Bresgen, Bank Officer, Messe Düsseldorf Employees' Representative

Karl-Uwe Bütof, Chief of Division in the Land of North Rhine-Westphalia's

Ministry of Economics, Innovation, Digitization, and Energy

Friedrich G. Conzen, Businessman, Deputy Mayor of Düsseldorf

Christoph Dammermann, Undersecretary in the Land of North Rhine-Westphalia's

Ministry of Economics, Innovation, Digitization, and Energy - since 9 September 2017

Ulrich Dreckmann, Businessman (IT systems), Messe Düsseldorf GmbH Employees' Representative - deceased on 24 October 2017

Ursula Holtmann-Schnieder, Member of Düsseldorf City Council

Dr. Günther Horzetzky, Undersecretary in the Land of North Rhine-Westphalia's

Ministry of Economics, Innovation, Digitization, and Energy - up to 4 July 2017

Dipl.-Ing. Ian Hume, Head of Department, Messe Düsseldorf GmbH Employees' Representative

Dipl.-Sozialarbeiter Günter Karen-Jungen, Deputy Mayor of Düsseldorf

Manfred Kornfeld, Commercial Director of Industrieterreins Düsseldorf-Reisholz AG

Dipl.-Kffr. Claudia Laskowski, Head of Department, Messe Düsseldorf GmbH Employees' Representative

Dr. Steffen Neumann, Chief of Division in the Land of North Rhine-Westphalia's Ministry of Finance

Angelika Penack-Bielor, Member of Düsseldorf City Council

Dipl.-Ing. Stefanie Rübsamen, Head of Department, Messe Düsseldorf GmbH Employees' Representative

Frank Spielmann, Member of Düsseldorf City Council

Dr. Marie-Agnes Strack-Zimmermann, Member of Düsseldorf City Council

Facts and Figures on the Performance

of Messe Düsseldorf GmbH

		2013	2014	2015	2016	2017
Total capacity*	m ²	305,400	305,400	304,800	304,800	291,580 ^o
Available hall space	m ²	262,400	262,400	261,800	261,800	248,580 ^o
Available open-air space	m ²	43,000	43,000	43,000	43,000	43,000
Space utilized*	m ² (gross)	1,737,287	2,294,836	1,624,789	2,247,486	1,858,831
Space rented out*	m ² (net)	979,346	1,315,625	891,438	1,308,304	1,162,415
Fairs and exhibitions*	Total	29	36	29	31	31
Self-organized events*		18	21	18	19	18
Partner/ guest events		11	15	11	12	13
Total consolidated sales	(€ million)	322.9	411.5	302.0	442.8	366.9
Consolidated sales (Germany)	(€ million)	210.0	299.7	202.1	369.7	297.1
Consolidated sales (foreign)	(€ million)	112.9	111.8	99.9	73.1	64.8
Consolidated annual profit	(€ million)	14.0	57.7	10.3	58.8	55.0
Group workforce		1,212	1,200	1,207	932	831
Exhibitors*	Total	25,126	31,269	25,819	32,383	29,210
Exhibitors (German-based)		9,662	11,363	9,189	10,796	9,579
Exhibitors (foreign-based)		15,464	19,906	16,630	21,587	19,631
Visitors*	Total	1,194,674	1,399,024	1,084,121	1,591,424	1,344,548
Visitors from Germany		837,852	904,076	802,291	899,322	857,739
Visitors from abroad		356,822	494,948	281,830	692,102	486,809
Düsseldorf Congress Sport & Event GmbH						
Event days		330	331	314	308	303
Events		3,189	4,335	3,463	3,695	3,461
Participants		2,025,498	2,379,560	2,355,149	2,269,494	2,508,083

* Düsseldorf exhibition site - due to the differing numbers of events, the annual figures are only partly comparable.
 For reasons relating to calculation, rounding differences amounting to +/- one unit (€, %, etc.) may occur in the tables.
^o During the construction phase for the new South Entrance (since June 2017)

Events Organized

by Messe Düsseldorf GmbH in 2017

	Exhibitors German- based	Exhibitors foreign- based	Exhibitors Total	Net exhibition	Visitors Total	Visitors Of which foreign- based in %
A+A	578	1,364	1,942	70,643	67,248	47
BEAUTY DÜSSELDORF with mads	487	143	630	23,375	67,966	10
boot Düsseldorf	819	1,000	1,819	99,698	241,130	19
CARAVAN SALON DÜSSELDORF	383	225	608	109,321	233,702	12
COMPAMED *	243	540	783	13,149		
components ***	50	35	85	2,368		
ENERGY STORAGE EUROPE	111	51	162	2,083	4,329	31
EuroShop	851	1,518	2,369	127,592	113,906	66
GDS Winter with tag it!	132	357	489	20,583	9,975	43
interpack ****	646	2,214	2,860	178,124	170,899	74
MEDICA **	950	4,198	5,148	114,381	113,582	72
ProWein	988	5,627	6,615	71,861	58,502	51
REHACARE	357	427	784	20,501	38,981	15
tasc	44	6	50	896	1,159	9
TOP HAIR - THE FAIR	142	44	186	6,915	37,045	7
TourNatur	163	102	265	3,841	46,637	2
Guest events	2,635	1,780	4,415	297,084	139,487	36
Sum total	9,579	19,631	29,210	1,162,415	1,344,548	36

* Number of visitors included in MEDICA visitor total
 ** Including visitors to COMPAMED
 *** Number of visitors included in interpack visitor total
 **** Including visitors to components

Balance Sheet

of Messe Düsseldorf GmbH at 31 December 2017

Assets	31.12.2017	31.12.2016
	€ '000	€ '000
Fixed assets		
Intangible assets		
Concessions, industrial and similar rights and assets, and licences in such rights and assets	8,942	5,570
Advance payments made	527	3,272
	9,469	8,842
Tangible assets		
Land, land rights and buildings, including buildings on third-party land	315,153	326,854
Other equipment, factory and office equipment	10,225	10,004
Advance payments made and assets under construction	31,968	12,641
	357,346	349,499
Financial assets		
Shares in affiliated enterprises	5,767	3,868
Participations	1,169	286
Other loans	6	20
	6,942	4,174
	373,757	362,515
Current assets		
Inventories		
Raw materials, auxiliary materials and supplies	90	79
Receivables and other assets		
Trade receivables	7,733	10,448
Receivables from affiliated enterprises	2,078	1,848
Receivables from enterprises in which participations are held	1,419	906
Other assets	8,189	12,057
	19,419	25,259
Cash-in-hand, bank balances and cheques	144,937	187,840
	164,446	213,178
Prepaid expenses	6,951	5,162
Sum total	545,154	580,855

Equity	31.12.2017	31.12.2016
	€ '000	€ '000
Equity		
Subscribed capital	15,625	15,625
Capital reserves	111,398	111,398
Revenue reserves	120,000	120,000
Distributable profit	172,951	132,780
	419,973	379,803
Accruals		
Accruals for pensions and similar obligations	17,450	15,896
Tax accruals	8,848	13,046
Other accruals	35,104	49,087
	61,402	78,029
Liabilities		
Liabilities to banks	0	30,129
Advance payments received in respect of orders	25,671	51,441
Trade payables	10,913	17,915
Payables to shareholders	65	22
Payables to affiliated enterprises	15,323	15,009
Other liabilities	11,807	8,507
(of which taxes: € 706k; previous year: € 1,379k)		
(of which relating to social security and similar obligations: € 2k; previous year: € 2k)		
	63,779	123,023
Sum total	545,154	580,855

Income Statement

of Messe Düsseldorf GmbH for the Period from 1 January to 31 December 2017

	31.12.2017	31.12.2016
	€ '000	€ '000
Sales	339,845	406,911
Own work capitalized	49	242
Other operating income	19,050	7,658
(including € 84k due to currency conversion; previous year: € 152k)		
Event-related expenses		
a) Cost of raw materials, auxiliary materials and supplies, and of purchased merchandise	8,476	10,368
b) Cost of purchased services	153,095	172,671
	161,571	183,039
Human resources expenses		
a) Wages and salaries	44,909	43,369
b) Social security charges and costs of retirement pensions and other welfare benefits	12,678	10,360
(including € 5,047k for retirement pensions; previous year: € 3,553k)		
	57,587	53,729
Depreciation on intangible and tangible fixed assets	19,877	18,625
Other operating expenses	46,330	56,004
(of which other taxes: € 1,216k; previous year: € 1,724k)		
(including € 466k due to currency conversion; previous year: € 202k)		
Income from participations	4,431	4,141
(including € 431k from affiliated enterprises; previous year: € 641k)		
Income from long-term loans	1	105
(including € 0k from affiliated enterprises; previous year: € 105k)		
Other interest and similar income	309	80
Write-downs on financial assets	0	768
Interest and similar expenditure	1,077	2,169
(including € 623k impact on interest due to the valuation of accruals; previous year: € 771k)		
Taxes on income and profits	20,072	33,770
Net income for the year	57,171	71,033
Profit brought forward from the previous year	115,780	61,747
Distributable profit	172,951	132,780

Movements in the Fixed Assets

of Messe Düsseldorf GmbH in the 2017 Business Year

	Cost of acquisition/manufacture					Depreciation					Book values		
	Status at 1.1.2017	Additions	Reclassi- fications	Retire- ments	Status at 31.12.2017	Status at 1.1.2017	Additions	Write- ups	Retire- ments	Status at 31.12.2017	Status at 31.12.2017	Status at 31.12.2016	
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	
Intangible assets													
Concessions, industrial property right and similar rights and assets acquired for valuable consideration, and licenses covering such rights and assets	41,566	2,222	3,189	46	46,931	35,996	2,039	0	46	37,989	8,942	5,570	
Advance payments made	3,272	420	-3,165	0	527	0	0	0	0	0	527	3,272	
	44,838	2,642	24	46	47,458	35,996	2,039	0	46	37,989	9,469	8,842	
Tangible assets													
Land, land rights and buildings, including buildings on third-party land	806,215	4,519	0	15,303	795,431	479,361	14,604	0	13,687	480,278	315,153	326,854	
Other equipment, factory and office equipment	40,840	3,501	13	2,236	42,118	30,836	3,234	0	2,177	31,893	10,225	10,004	
Advance payments made and assets under construction	12,641	19,411	-37	47	31,968	0	0	0	0	0	31,968	12,641	
	859,696	27,431	-24	17,586	869,517	510,197	17,838	0	15,864	512,171	357,346	349,499	
Financial assets													
Shares in affiliated enterprises	41,093	1,899	0	30,828	12,164	37,225	0	0	30,828	6,397	5,767	3,868	
Participations	12,244	0	0	75	12,169	11,958	0	883	75	11,000	1,169	286	
Other loans	20	0	0	14	6	0	0	0	0	0	6	20	
	53,357	1,899	0	30,917	24,339	49,183	0	883	30,903	17,397	6,942	4,174	
Sum total	957,891	31,972	0	48,549	941,314	595,376	19,877	883	46,813	567,557	373,757	362,515	

Explanatory Notes

on the Balance Sheet and Income Statement of Messe Düsseldorf GmbH

I. General principles

The annual financial statements of Messe Düsseldorf GmbH, Düsseldorf (entered in the Commercial Register of the Düsseldorf District Court/Amtsgericht under HRB No. 63) have been prepared in compliance with the mercantile law provisions relating to large joint-stock companies.

For the Income Statement, the total costs (type of expenditure) method has been opted for. The peculiarities of trade fair business have been taken into account.

II. Accounting and valuation policies

Purchased intangible assets are reported at their acquisition cost less the scheduled depreciation charge. Depreciation is based on the straight-line method, taking the normally applicable useful life of the asset into account.

Tangible assets are valued at acquisition or manufacturing costs and, provided their useful life is limited in time, scheduled depreciation is deducted. If necessary, additional depreciation is applied based on the value appropriate for the assets on the balance-sheet date.

Since 2014, buildings have been depreciated solely on a straight-line basis. Investments in extensions to buildings are depreciated in accordance with an elevated assessment basis or so as to match the whole building's remaining useful life.

The straight-line method is used for depreciation on additions to movable assets. Straight-line depreciation is calculated pro rata temporis.

Low-value assets with a value of between EUR 52 and EUR 410 are written off fully in the year of acquisition and are simultaneously reported as a retirement in the fixed assets movements schedule.

Shares in affiliated companies and participations are carried at cost of acquisition or at such lower value as may be appropriate.

Shares in foreign subsidiaries are valued on the basis of a currency conversion at the appropriate historical rates of exchange or at such lower values as may be appropriate.

Loans are shown at their nominal value less any principal repaid. Write-downs are made to the extent required to reflect any identifiable risks.

Inventories are shown at fixed values and were revalued in the course of the business year.

Receivables and other assets are shown at their nominal value. Appropriate individual write-downs have been applied to trade receivables in order to cover the overall risk of non-payment. Interest-free receivables with a remaining term of more than one year are discounted as from the balance-sheet date.

Following a recommendation of the Supervisory Board, in the general meeting held on 19 May 2017, the shareholders passed a resolution to the effect that an amount of EUR 17,000k from the net income for 2016, totalling EUR 71,033k, be distributed with effect from 31 August 2017. The remaining net income for the year, amounting to EUR 54,033k, was carried forward to new account. The distributable profit figure at 31 December 2017 includes an amount totalling EUR 115,780k consisting of profit brought forward from previous years.

The asset-value of direct accruals for pensions is established on the basis of actuarial principles following the projected unit credit method (PUC method), and also applying the 2005 G standard tables of Dr. Klaus Heubeck. Accruals for pensions are discounted at a flat rate, this being the average market interest rate of the last ten years, applicable to an assumed remaining term of 15 years, as published by the Deutsche Bundesbank (German Federal Bank) for the month of December 2017. For 2017, this interest rate was assumed to be 3.68

(previous year 4.01) percent. The calculation following the PUC method is based on the following assumptions regarding trends:

- Trend in wages and salaries: 2.7 percent (previous year: 2.7 percent)
- Trend in the income ceiling for social security contributions: 2.7 percent (previous year: 2.7 percent)
- Trend in pensions: 2.2 percent (previous year: 1.7 percent)
- Fluctuation: 1.0 percent (previous year: 1.0 percent)

All other accruals have been set up at a required payment level that takes account of all identifiable risks on the basis of a prudent business assessment. Accruals with a remaining term of more than one year are discounted on the basis of the actuarial interest rates published by the Deutsche Bundesbank.

Liabilities are stated at the amounts repayable. The payments received on account mainly relate to trade fairs and events scheduled for subsequent years.

Receivables and liabilities in foreign currencies are entered in the accounts at the rate of exchange applicable at the time, and are then valued at year-end at the rate applicable on the closing date. As regards receivables and liabilities with a remaining term of more than one year, the principle of lowest value or highest value is applied, as the case may be.

When deferred taxes are calculated, deferred tax assets exceed liabilities. This is due in particular to differences between tax-law and commercial-law valuations of shares in affiliated enterprises, participations and accruals, based on a tax rate of 31.23 percent. The option provided for in Section 274 subsection 1 sentence 2 HGB (Commercial Code) of capitalizing the surplus in deferred tax assets, amounting to EUR 578k (previous year: EUR 477k) was waived.

III. Explanatory notes and disclosures concerning the Balance Sheet

Fixed assets

Apart from purchased software, the intangible assets mainly consist of usufructuary rights. The additions mainly relate to Windows 10 licences and components of the new online order system. The advance payments made relate to the event information system and the interactive hall plan.

The additions to tangible assets are primarily attributable to additions to buildings and to facilities under construction. The items concerned mainly consist of the newly-constructed Stockumer Höfe warehouse, the renovation of the Hall 13 cooling plant and that of the fire protection system in the CCD South. The purchases in the field of operating and office equipment relate principally to the replacement of computer hardware as a result of the switchover to Windows 10. Additions to facilities under construction primarily ensue from the construction of the new Exhibition Hall 1. The retirements in the sphere of tangible assets mainly result from the retirements of Halls 1 and 2 and of the CCD South Pavilion.

The retirement in the financial assets sphere is largely due to the sale of the limited partner's shareholding in IGEDO Company GmbH & Co. KG, Düsseldorf, with effect from 30 September 2017. In a contract dated 30 September 2017, Messe Düsseldorf sold its limited partner's shares in the latter company including the balances of the capital accounts managed at IGEDO Company GmbH & Co. KG on Messe Düsseldorf's behalf. The purchase price of the limited partner's shareholding amounted to EUR 4,511k.

In the business year under review, the 5-percent interest in Düsseldorf Marketing & Tourismus GmbH was also sold for the book value.

The addition to shareholdings in affiliated companies relates to the capital increases at Messe Düsseldorf India Pvt. Ltd. New Delhi/India and at 000 Messe Düsseldorf Moscow, Moscow/Russia, amounting to EUR 762k and EUR 1,137k, respectively. Due to the company's positive business prospects, in an initial step, the participation book value of GEC German Exposition Corp. Int. GmbH was written up to EUR 883k.

For further details, the reader is referred to the fixed assets movements schedule attached to the Notes to the financial statements as Annex I.

The list of subsidiaries and other holdings is attached to the Notes as Annex II.

Receivables and other assets

As in the previous year, trade receivables have a remaining term amounting to less than one year. In the receivables from affiliated enterprises and receivables from enterprises in which participations are held, trade receivables have been set off against trade payables, the latter amounting to EUR 589k (previous year: EUR 490k). Furthermore, the receivables from affiliated enterprises include other assets amounting to EUR 1,817k (previous year: EUR 1,513k).

Accruals

The Company's pension obligations to former managerial staff and two current managers are fully covered by pension accruals. In the year under review, these obligations led to changes in pension accruals amounting to EUR 1,554k, with a net impact on results. The difference ensuing from the use of the 10-year average interest rate compared to the 7-year average interest rate resulted in a EUR 1,759k (previous year: EUR 1,378k) reduction in pension accruals.

The tax accruals mainly cover trade tax and corporation tax relating to the year under review and also accruals designed to cover tax audits.

The other accruals cover all identifiable risks and have been calculated on the basis of prudent commercial principles.

The accruals underwent the following movements:

	1.1.2017	Amount utilized	Amount written back	Additions	31.12.2017
	€ '000	€ '000	€ '000	€ '000	€ '000
1. Accruals for pensions and similar obligations	15,896	884	0	2,438	17,450
2. Tax accruals	13,046	9,176	1,490	6,468	8,848
3. Other accruals					
Risks associated with order processing					
Outstanding invoices	16,818	7,650	3,066	4,332	10,434
Repayment risks	595	0	595	0	0
	17,413	7,650	3,661	4,332	10,434
Human resources and the social sphere					
Accruals for staff bonuses	0	0	0	1,226	1,226
Accruals for vacations	2,267	2,267	0	2,044	2,044
Accruals for anniversaries	2,738	164	8	0	2,566
Accruals for bonuses	611	603	8	638	638
Miscellaneous accruals	216	112	0	371	475
	5,832	3,146	16	4,279	6,949
Other accruals					
Impending losses	10,276	0	6,367	0	3,909
Fiscal risks in foreign countries	14,750	0	1,750	0	13,000
Annual financial statements costs	290	276	14	286	286
Miscellaneous accruals	526	0	0	0	526
	25,842	276	8,131	286	17,721
	49,087	11,072	11,808	897	35,104
	78,029	21,132	13,298	17,803	61,402

Liabilities

Of total liabilities to banks, EUR 0k (previous year: EUR 30,000k) consisting of liabilities to banks were secured by means of charges on real estate.

In the payables to affiliated enterprises and payables to enterprises in which participations are held, trade receivables have been set off against trade payables, the latter amounting

to EUR 160k (previous year: EUR 390k). Furthermore, the payables to affiliated enterprises include other liabilities deriving from cash pools with Messe Düsseldorf China amounting to EUR 10,004k (previous year: EUR 10,004k) and with Messe Düsseldorf North America amounting to EUR 4,626k (previous year: EUR 2,846k). The pertinent cash pool (previous year: EUR 2,092k) was dissolved with the sale of the shares to IGEDO effective 30 September 2017.

The Company's liabilities at 31.12.2017 were classified as follows on the basis of their remaining terms:

	Total amount	With a remaining term of		
		up to 1 year	up to 5 years	more than 5 years
	€ '000	€ '000	€ '000	€ '000
Liabilities to banks	0	0	0	0
Payments received on account	25,671	25,671	0	0
Trade payables	10,913	10,913	0	0
Payables to shareholders	65	65	0	0
Payables to affiliated enterprises	15,323	15,323	0	0
Other liabilities	11,807	8,843	1,805	1,159
	63,779	60,815	1,805	1,159

The Company's liabilities at 31.12.2016 were classified as follows on the basis of their remaining terms:

	Total amount	With a remaining term of		
		up to 1 year	up to 5 years	more than 5 years
	€ '000	€ '000	€ '000	€ '000
Liabilities to banks	30,129	30,129	0	0
Payments received on account	51,441	51,441	0	0
Trade payables	17,915	17,915	0	0
Payables to shareholders	22	22	0	0
Payables to affiliated enterprises	15,009	15,009	0	0
Other liabilities	8,507	4,846	2,150	1,511
	123,023	119,362	2,150	1,511

IV. Explanatory notes on the Income Statement

Sales

Business segment	2017	2016
	€ '000	€ '000
Events in Germany	289,123	359,509
Foreign events	34,332	32,294
Other revenues	16,390	15,108
	339,845	406,911

The sales revenue from abroad stems mainly from events in Russia, the People's Republic of China, Iran, and India. EUR 487k of sales (previous year: EUR 1,053k) are related to events of previous years.

Other operating income

Income not relating to the accounting period mainly consists of EUR 11,808k (previous year: EUR 4,578k) in the form of income deriving from write-backs of accruals. The non-operating items consist mainly of insurance refunds amounting to EUR 1,144k (previous year: EUR 2,356k), EUR 1,055k of which relates to the fire damage in the Stockumer Höfe warehouse and EUR 883k to the GEC write-up. The EUR 4,705k income from the retirement of assets is dominated by the EUR 4,393k revenue from the sale of the limited partner's shareholding in IGEDO Company GmbH & Co. KG.

Event-related expenses

The differentiation between event-related expenditure and other operating expenses was effected via an assessment of the individual costs. The event-related expenditure consists of costs that are directly allocable to a cost unit. Deliveries of fabricated goods are recorded under „cost of raw materials, auxiliary materials and supplies, and of purchased merchandise“. Construction work and other services are included in „cost of purchased services“.

It is mainly energy costs, operating expenses and auxiliary costs, and expenditure on advertising materials that are shown under „cost of raw materials, auxiliary materials and supplies, and of purchased merchandise“, whereas the „cost of purchased services“ item mainly covers expenditure on commissions, stand construction services purchased, rental charges, and advertising expenditure.

Other operating expenses

In addition to exhibition site maintenance costs, the other operating expenses mainly consist of rental charges for premises, legal and consultancy expenses, expenditure on advertising and IT expenses, insurance policies, site security and cleaning services, and additions to accruals. The non-operating expenditure totalling EUR 2,173k (previous year: EUR 12,184k) is mainly due to the retirement of assets in connection with the construction of the new Hall 1. The other taxes incurred in the business year concerned and shown as part of other operating expenses amount to EUR 1,216k (previous year: EUR 1,724k).

Income from participations

	2017	2016
	€ '000	€ '000
GEC – German Exposition Corporation International GmbH	4,000	3,500
Messeturm Düsseldorf Verwaltungsgesellschaft mbH	431	641
	4,431	4,141

Income from long-term loans

This item relates to income in the form of interest from loans to staff. In the previous year, the item still contained interest income from the loan to Veletrhy Brno a.s.

Interest and similar expenditure

In addition to interest on loans and interest rate swap transactions, the item covers expenditure deriving from the discounting of accruals in the amount of EUR 623k (previous year: EUR 772k).

Taxes on income and profits

The item mainly shows expenditure on corporation tax and trade tax for the business year under review, amounting to EUR 10,420k (previous year: EUR 17,457k) and EUR 10,004k (previous year: EUR 17,076k), respectively. As opposed to this, there is an item involving a write-back of tax accruals relating to previous years and amounting to EUR 1,490k.

Appropriation of profits

The management proposes that a EUR 24,000k portion of the net income for the year, totalling EUR 57,171k, be paid out as a dividend. The remaining sum amounting to EUR 33,171k should be carried forward to new account.

V. Other disclosures

Consolidated financial statements

In its capacity as the parent company, Messe Düsseldorf GmbH includes the following subsidiaries, in which it has either a direct or an indirect majority holding, fully in its consolidated financial statements:

- Messe Düsseldorf North America Inc., Chicago / USA
- Messe Düsseldorf ASIA Pte. Ltd., Singapore
- 000 Messe Düsseldorf Moscow, Moscow/Russia
- Messe Düsseldorf China Ltd., Hong Kong/China
- Messe Düsseldorf (Shanghai) Co., Ltd. Shanghai/China
- IGEDO Company GmbH & Co. KG Düsseldorf (up to 30 September 2017)
- Messturm Düsseldorf Verwaltungsgesellschaft mbH, Düsseldorf
- FIXXUS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Rheinhalle Düsseldorf KG, Pullach

Furthermore, the Company's holding in Düsseldorf Congress Sport & Event GmbH, Düsseldorf, an associated company, is also included in the consolidated financial statements.

Human resources

In addition to the four members of the management, on average 651 (previous year: 655) staff members were employed during the business year. The workforce is subdivided into 521 full-time employees (previous year: 531) and 130 part-time employees (previous year: 124). This number corresponds to a staff of 596 (previous year: 599) calculated on a full-time basis. In addition, the casual staff and apprentices employed numbered on average 189 (previous year: 393) and 17 (previous year: 16), respectively.

Other financial obligations and contingent liabilities

For financial reasons, in the business years from 1999 to 2003 two sale and lease-back transactions were carried out with FIXXUS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Rheinhalle Düsseldorf KG, Pullach (abbreviated to FIXXUS), regarding real estate items hitherto owned by Messe Düsseldorf GmbH.

In 1999, Exhibition Hall 6 (multi-purpose hall) was sold to FIXXUS for a purchase price of EUR 87,520k and leased back at an annual leasing rate of EUR 6,639k. The leasing agreement runs till 30 September 2022. Furthermore, a right of purchase agreement was concluded with FIXXUS. In accordance with the latter, the right of purchase can be exercised by Messe Düsseldorf GmbH when the 22.5th rental year has elapsed since the beginning of the term of the leasing agreement. The agreement states that, if the right of purchase is exercised, an appropriate purchase price is to be paid, but at least the fiscal residual book value amounting to EUR 8,779k, at the end of the 22.5th rental year.

In a contract dated 15 December 2003, Messe Düsseldorf GmbH sold FIXXUS part ownership rights relating to Messturm B for a purchase price of EUR 12,000k. The annual rental payments amount to EUR 869k. The leasing agreement runs till 29 December 2023. The right of purchase agreement concluded under this contract gives Messe Düsseldorf GmbH a repurchase right when the 20th rental year has elapsed.

An appropriate purchase price is to be paid, but at least the fiscal residual book value amounting to EUR 5,100k.

The leasing rates payable in future under the above leasing agreements amount to EUR 34,053k (previous year: EUR 41,283k).

Further obligations amounting to EUR 374k (previous year: EUR 441k) stemmed from the leasing rates payable in future; in addition, there were commitments totalling EUR 24,762k (previous year: EUR 27,777k) based on rental agreements and leases. Other financial obligations thus totalled EUR 60,059k (previous year: EUR 70,611k) on the balance-sheet date, EUR 54,575k (previous year: EUR 64,573k) of this sum being obligations vis-a-vis affiliated enterprises.

On the balance-sheet date, the Company's purchase commitments totalled EUR 137,096k (previous year: EUR 150,896k).

On the balance-sheet date, guarantees amounting to EUR 600k had been issued in favour of employees to cover employees' investment loans. In addition, there were guarantees amounting to EUR 16k relating to trade-related transaction relationships.

Hedging policy and financial derivatives

Due to its being an internationally-operating company, both the business operations and financing transactions of Messe Düsseldorf GmbH are exposed to financial risks. The risks involved may arise in particular as a result of interest rate changes and exchange rate fluctuations.

In accordance with the Company's risk management system, action is taken to limit these risks not only by identifying, analyzing and assessing them but also by using financial derivative instruments. Pursuant to a management directive, it is not permissible to use such derivatives for speculative purposes.

At 31 December 2017, Messe Düsseldorf GmbH had concluded a total of three (previous year: six) interest rate swap transactions designed to hedge against interest rate-related payment flow risks relating to variable-interest liabilities to banks – entered into for the purpose of financing future

capital projects. These three interest rate swap transactions provide a hedge for future loans with a total volume of EUR 60,000k; the latter are to be anticipated with a high degree of probability. As regards these interest rate swaps covering future loan transactions, due to the changed situation relating to interest rates no valuation unit can be set up at the moment. For this reason, a EUR 3,347k (previous year: EUR 3,776k) accrual has been created in respect of the market value to be covered.

Auditors' fees

In accordance with Section 285 item 17 HGB (Commercial Code), the disclosure of auditors' fees has been waived, as the latter are included in the Company's consolidated financial statements.

Transactions contrary to market principles

No transactions contrary to market principles involving companies or persons close to the Company have been performed.

Disclosures regarding the Company's bodies

The remuneration paid to the Managing Board of Messe Düsseldorf GmbH in the business year totalled EUR 1,799k (previous year: EUR 1,710k). The remuneration paid to former members of the Managing Board and their surviving dependants amounted to EUR 889k (previous year: EUR 1,050k).

Under occupational pension schemes, in the business year under review, direct insurance contributions were incurred for Mr Stempfle and for Mr Reinhard, these amounting to EUR 111k and EUR 102k, respectively. In addition to this, expenditure was incurred for Messrs Dornscheidt and Schäfer due to allocations to pension accruals amounting to EUR 1,092k.

An accrual amounting to EUR 11,156k (previous year: EUR 10,694k) has been set aside to cover pension obligations to former members of the Managing Board and their surviving dependants.

In the business year concerned, expenses for the Supervisory Board amounted to EUR 81k (previous year: EUR 90k).

Combined Group and Company Management Report of Messe Düsseldorf GmbH

for the 2017 Business Year

Explanations regarding the report

Pursuant to Section 315 subsection 5 HGB (Commercial Code), the present report combines both the Management Report of the Messe Düsseldorf Group consisting of Messe Düsseldorf GmbH and its consolidated subsidiaries, and the Management Report of Messe Düsseldorf GmbH.

Basics

Business model

The present-day Messe Düsseldorf GmbH was founded on 7 January 1947 under the name of Nordwestdeutsche Ausstellungsgesellschaft mbH – NOWEA. Today, the Messe Düsseldorf Group's product portfolio comprises roughly 120 events encompassing a wide variety of sectors both at home and abroad and it employs worldwide a workforce of nearly 850 persons. Both in terms of floor space rented out and in terms of sales, the Group ranks among the world's major trade fair companies. At 31 December 2017, 14 companies in 7 countries belonged to the Messe Düsseldorf Group. The Group currently generates its highest levels of foreign sales in Russia, China, Iran and India.

Economic survey

Macroeconomic and sector-specific boundary conditions

In 2017, global gross domestic product grew by roughly 3.4 percent. At the same time, the industrial countries recorded growth of roughly 1.8 percent, the so-called emerging economies attaining growth of roughly 4.6 percent.

In 2017, the USA was able to increase its price-adjusted gross domestic product by 1.5 percent. Apart from sound trends on the labour market, private consumption continues to underpin economic growth.

2017 saw the Eurozone growing faster than expected, with economic performance increasing by 1.5 percent last year both in the EU and in the Eurozone. Within the EU, France was the country with the biggest economic growth, but

Italy and Spain also appeared to have recovered slightly. Some Central and Eastern European states, such as Poland, Hungary and Slovenia, also continued to exhibit great dynamism, and this applied to the Baltic republics too.

The 2017 exhibition year brought the German trade fair companies some positive trends both in terms of exhibitors and in terms of exhibition space booked. Only the visitor figures remained on the level of the predecessor events. In 2017 too, Messe Düsseldorf was one of the German exhibition venues with the highest sales. Roughly half of the annual international trade fairs are the key international fairs for their respective sectors. On the whole, in 2018 the industry is anticipating a slight increase in numbers of exhibitors and visitors compared to the respective predecessor events.

The Messe Düsseldorf Group's business performance

Sales and profitability situation

During the 2017 business year, Group sales decreased from EUR 442,806k to EUR 366,884k. The exhibition year being weaker than the previous one due to trade fair rotation, sales fell by EUR 75,922k.

90 percent of the Group's total consolidated sales were generated by Messe Düsseldorf. Despite the sale of IGEDO Company GmbH & Co. KG (IGEDO) with effect from 30 September 2017, the foreign portion of consolidated sales fell only slightly by EUR 1,230k to EUR 69,803k. The bulk of these were generated in Russia and China.

Due to trade fair rotation, event-related expenditure fell by EUR 25,375k. The slight, EUR 1,597k increase in human resources expenditure was mainly due to the establishment of an accrual covering staff bonuses. On the other hand, the deconsolidation of IGEDO reduces expenditure on human resources.

The Group's net earnings for the year after tax amounted to EUR 55,036k (previous year: EUR 58,838k). The reduced profitability mainly results from the 2017 trade fair year being weaker due to trade fair cycles. On the whole, however, com-

parability in terms of profitability is also affected by the deconsolidation of IGEDO as from 30 September 2017 and that of the two Brno-based companies in the previous year.

Net asset position and financial situation

Compared with the previous year, the Messe Düsseldorf Group's total assets fell 6.7 percent to EUR 626,978k (previous year: EUR 672,059k). As in the past, the Group's net asset position is greatly influenced by the fixed assets figure (68.4 percent) and by the level of liquid assets (26.9 percent). Assets tied down in the long term are covered completely by funds available over the long term. The reduction in liquid assets resulted, first and foremost, from the construction of the new Hall 1 and the redemption as scheduled of the three loans, this making up a total volume of EUR 30 million.

On the equity and liabilities side, Group equity increased from EUR 439,750k to EUR 476,824k. This corresponds to an equity ratio of 76.1 percent (previous year: 65.4 percent). Short-term accruals were reduced by EUR 19,751k, mainly as a result of the write-back of an accrual covering impending losses and outstanding invoices. Payments received on account fell by EUR 28,882k to EUR 32,690k.

The Group's financial situation was mainly affected by the redemption of the loans, the construction of the new Hall 1, and the deconsolidation of IGEDO. Overall, the Group's cash and cash equivalents decreased, at 31 December 2017, by EUR 46,305k to a level of EUR 168,332k.

Apart from that, the reader's attention is drawn to the consolidated cash flow statement that is part of the consolidated financial statements enclosed herewith as Annex 1.3.

Liquidity

Three of the parent company's long-term loans, totalling EUR 30,000k, were completely repaid in the business year under review. Messe Düsseldorf can draw on a credit line of EUR 7,500k, EUR 616k of which was being used at 31 December 2017. On the whole, the Company was in a position to settle its liabilities at all times.

The Company's net worth, financial situation and profitability give an accurate picture corresponding to the Company's actual circumstances, thus reflecting the overall success of Messe Düsseldorf's business year.

Messe Düsseldorf GmbH's business performance

Sales and profitability situation

2017 proved to be a successful exhibition year for Messe Düsseldorf GmbH with the dates of two flagship trade fairs, interpack and EuroShop, coinciding. In the 2017 business year, the Company organized 31 events of its own, including guest events, on 1.2 million square metres of net hall space rented out, these events being attended by 29,210 exhibitors and more than 1.3 million visitors.

Various key international trade fairs drove the trend in sales. Alongside the annual MEDICA, ProWein, CARAVAN SALON and boot events, interpack, EuroShop and A+A were the major sales boosters and highlights, which gave the future performance of their respective sectors a major impetus. The events with the most sales were interpack with its 2,860 exhibitors and roughly 170,899 visitors, and EuroShop with 2,369 exhibitors and 113,906 visitors.

The following events - shown in comparison with the previous year - were staged at the Düsseldorf site:

	2017	2016
Fairs and exhibitions		
Self-organized events	18	19
Guest events	13	12
Net floor space rented out	1,162,415 m ²	1,308,304 m ²
Number of exhibitors	29,210	32,383
Number of visitors	1,344,548	1,591,424

As regards the Company's own events, the relatively weak trade fair year meant that attendance by visitors was, as was to be expected, down on the previous year's figure. The same applied to net floor space rented out and the numbers of exhibitors. Compared to the predecessor events, the numbers of exhibitors were 3.1 percent higher than those of the previous events, with net floor space rented out being similarly 3.1 percent up. The numbers of visitors too were 2.9 percent above than those of the predecessor events.

In the field of guest events, in the year under review the SCHWEISSEN & SCHNEIDEN event was staged for the first time. If the performance indicators for the guest events segment are adjusted to take this one-off effect into account, the result is increasing numbers of exhibitors and floor-space figures compared with the previous events. Only visitor numbers remained practically at the level of the predecessor events.

Last year too, the international flair of the various events, one of Messe Düsseldorf's quality characteristics, was significantly perceptible at the Düsseldorf exhibition site. The percentage of foreign exhibitors at the self-organized events came to 72.0 (previous events: 70.9 percent), with that of foreign visitors coming to 36.5 percent (previous events: 35.1 percent). The largest percentages of foreign visitors were registered by the interpack trade fair (73.6 percent) and EuroShop (65.9 percent). The highest ratio of foreign exhibitors was registered by the ProWein trade fair (85.1 percent), followed by MEDICA (81.6 percent), interpack (77.4 percent), and A+A (70.2 percent).

As regards international trade fair business, Messe Düsseldorf GmbH can look back on a successful business year, organizing 25 events on commission and 19 self-sponsored events and participations. The bulk of these events were staged in Russia, China, and Iran.

In the year under review, sales totalling EUR 339,845k were generated. Compared to the previous year, this adds up to a EUR 67,065k drop in sales. The other operating income was mainly characterized by write-backs of accruals, insurance refunds, and revenue from the sale of the IGEDO shareholding.

Expenditure on human resources increased slightly following the establishment for the first time of the accrual covering staff bonuses. Due to trade fair rotation, event-related expenditure fell by EUR 21,468k. The Company's net earnings for the year after tax amounted to EUR 57,171k (previous year: EUR 71,033k). With due regard to the aforementioned effects, the reduction in profitability mainly resulted from the fact that the 2017 trade fair year was relatively weak due to trade fair cycles.

Net asset position and financial situation

Compared with the previous year, Messe Düsseldorf's total assets fell 6.2 percent to EUR 545,154k (previous year: EUR 580,855k). The fixed assets item is dominated by real estate and buildings. The increase in tangible fixed assets was predominantly due to additions to facilities under construction, these mainly relating to the construction of the new Exhibition Hall 1.

On the liabilities side, the Company's equity registered an increase as a result of the EUR 57,171k annual net profit attained, but was simultaneously reduced by EUR 17,000k as a result of the dividend payout, so that at 31 December 2017, a Company equity figure of EUR 419,973k was recorded, this having increased by EUR 40,171k. This corresponds to an equity ratio of 77 percent (previous year: 65.4 percent). If the proposal for appropriation of the 2017 profit, amounting to EUR 24,000k, is taken into account, this leads to a 4.4 percent reduction in the equity ratio. The Company has a credit line of EUR 7,500k, EUR 616k of which has been drawn upon. As a result of the 2018 trade fair year being weaker due to trade fair cycles, the receipts from payments made on account were EUR 25,770k down on those of the previous year, taking them to a figure of EUR 25,671k. In addition to accruals for pensions and tax accruals, the accruals - totalling EUR 61,402k - mainly comprise accruals for outstanding invoices, other human resources costs, and tax risks relating to Messe Düsseldorf GmbH's foreign business.

Messe Düsseldorf GmbH's cash and cash equivalents decreased by EUR 42,903k, from EUR 187,840k to a level of EUR 144,937k. Messe Düsseldorf's financial situation was mainly

affected by the redemption of the loans, the construction of the new Hall 1, and the sale of IGEDO.

Liquidity

In the business year under review, Messe Düsseldorf's liquidity situation was affected by the fact that the trade fair year was somewhat weaker, but also by the redemption of the loans and the sale of IGEDO. Furthermore, liquid assets were reduced by the construction of the new Hall 1.

The Company's net worth, financial situation and profitability give an accurate picture corresponding to the Company's actual circumstances, thus reflecting the overall success of Messe Düsseldorf's business year.

Business performance of the Group's international subsidiaries

Messe Düsseldorf North America Inc. is a 100-percent subsidiary of Messe Düsseldorf. The Company's main task is to obtain business in terms of exhibitors and visitors from the USA, for trade fairs at the Düsseldorf site and also to organize and stage trade fairs, exhibitions and similar events in the American region. The successive establishment of events in the USA has increasingly made sales less dependent on the rotation of events in Düsseldorf. In 2017, together with a partner the company founded ESNA Expo LLC., Delaware/USA, in which it held a 55.0 percent interest at 31 December 2017. In the course of the foundation procedure, under US-GAAP rules hidden reserves amounting to EUR 1,104k, with a corresponding impact on profits, were disclosed. While sales amounted to EUR 5,425k (previous year: EUR 7,787k), the company's net profit for the year increased by EUR 716k to the level of EUR 1,572k.

The Singapore-based Messe Düsseldorf ASIA Pte. Ltd., a 100-percent subsidiary of Messe Düsseldorf, organizes its own trade fairs in the Asian region while also obtaining business in terms of exhibitors and visitors for events in Düsseldorf. The 2017 business year saw sales increase to EUR 5,293k due to trade fair cycles (previous year: EUR 4,678k), while net profit for the year improved by EUR 317k to EUR 742k (previous year: EUR 425k).

In the year under review, the sales revenue of 000 Messe Düsseldorf Moscow increased to EUR 8,407k (previous year: EUR 5,957k). The company returned an improved net profit for the year, amounting to EUR 1,281k (previous year: EUR 446k). The object of the company is to organize and stage trade fairs, exhibitions and similar events in Russia. With effect from 30 September 2017, the company acquired the rights to CPM from IGEDO.

Messe Düsseldorf China Ltd., in which Messe Düsseldorf holds a 100 stake, is responsible together with its 100-percent subsidiary Messe Düsseldorf (Shanghai) Co., Ltd. for obtaining business in the form of exhibitors and visitors for events in Düsseldorf as well as organizing these companies' own events in China. Due to the 2017 trade fair year being a relatively weak one, the group's sales saw a decrease from EUR 13,931k to EUR 10,389k. Accordingly, net profit for the year also decreased - to EUR 2,246k (previous year: EUR 5,076k).

Business performance of the Group's national subsidiaries

In the 2017 business year, the IGEDO Company, sold with effect from 30 September 2017, generated sales totalling EUR 12,355k (previous year: EUR 8,934k), while returning a net profit for the year of EUR 2,333k (previous year: a loss of - EUR 1,214k). The increase in sales was mainly due to the staging of the Gallery SHOES event for the first time. The positive result, however, was to a great extent influenced by the sale of CPM to 000 Messe Düsseldorf Moscow. Moreover, in 2017, IGEDO fixed its business year from 1 October to 30 September, thus departing from the calendar year. These one-off factors limit the comparability of the figures with those of the previous year.

Düsseldorf Congress Sport & Event GmbH, a 50-percent subsidiary of Messe Düsseldorf GmbH, provides services for congresses and other events, including events held in the CCD Congress Center Düsseldorf, the Mitsubishi Electric HALLE, the CASTELLO, the Airport Station at Düsseldorf Airport, the ESPRIT arena and the ISS DOME at Rath. Sales amounted to EUR 45,590k (previous year: EUR 35,519k), while the company returned a profit of EUR 378k for the year (previous year: EUR 106k).

Messeturm Düsseldorf Verwaltungsgesellschaft mbH is a 50-percent subsidiary of Messe Düsseldorf. The company rents out Messeturm A, of which it is the owner. In the business year just ended, revenues from rental income remained almost unchanged at a level of EUR 2,718k. At EUR 644k, the company's annual result was slightly above the level of the previous year (previous year: EUR 611k).

With a 94 percent stake in the company, Messe Düsseldorf is a limited partner of FIXXUS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Rheinhalle Düsseldorf KG. Under a sale-and-lease-back scheme, the company has purchased Exhibition Hall 6 together with part ownership of Messeturm (Tower) B from Messe Düsseldorf GmbH and leases these buildings back to the latter on a long-term basis. In the business year under review, FIXXUS returned a net profit for the year of EUR 5k (previous year: EUR 1k), while generating sales of EUR 4,678k (previous year: EUR 4,676k).

Financial and non-financial performance indicators

Financial performance indicators

Major control parameters applicable both to the Group and the Company are sales, earnings before tax (EBT), and capital expenditure on fixed assets, including expenditure on repairs and maintenance. A comparison between results and forecasts is made in the section entitled "Forecast report".

Non-financial performance indicators

The Group's business performance is not only manifested in business indicators. To maintain, in an international environment, its top position among the leading trade fair companies at both the national and the international level, Messe Düsseldorf has, for years, been continually improving its standards of service and quality. Furthermore, the Group is determinedly pursuing the strategic course that it has set for itself. The aims of this course are to safeguard and develop the trade fair programme at the Düsseldorf site and to expand international business by means of the Group's own activities or in joint ventures with partners. To this end, with the exception of a few fairs for high-quality consumer goods, Messe Düsseldorf is concentrating its activities on exhibitions covering capital

goods. The goal is to become the number one company as regards the organization of capital goods trade fairs. A prerequisite for this is highly-capable staff – which is why Messe Düsseldorf invests in good training and advanced training schemes and a high standard of occupational safety.

On average, throughout the 2017 business year, the Group employed a staff of 853 worldwide (previous year: 932). To train its staff, Messe Düsseldorf offers advanced training courses in foreign languages and IT applications, as well as highly-specialized schemes in individual cases. Furthermore, employees have an opportunity to acquire experience of foreign countries with partners in Finland, Sweden, Great Britain and the USA under an international exchange programme.

Statement with regard to company management (quota for women)

2015 saw the coming into force of the "Law on Equal Participation of Women and Men in Leadership Positions in the Private Sector and the Public Sector". On the basis of the requirements that this law entails, both the Supervisory Board and the Company's General Meeting are both endeavouring to take women into consideration as appropriate. Considering the work of the current management body and the terms of the service contracts, the General Meeting currently sees neither a legal possibility nor a practical necessity for implementing this quota for women. For that reason, a target quota of 0 percent was laid down for management and, simultaneously, a resolution was adopted to the effect that the matter should be reconsidered in 2018. As regards the Supervisory Board, the target figure for the proportion of women was set at 28 percent. For the two levels of management below the Management Board, the management adopted a resolution laying down a 25 percent quota for women. At 31 December 2017, the proportion of women in the Supervisory Board was at a level of 30 percent, this figure being 27 percent for the two levels of management below the Management Board.

Reports on risks, forecasts and opportunities

Risk report

Risk management system

The Group has a risk management system into which all the divisions of Messe Düsseldorf GmbH and those of its subsidiaries are integrated. The task of the risk management system is to identify, assess, and communicate/report any possible risks or opportunities so as to enable countermeasures or mitigating action to be initiated in good time. The risk management system is managed by the company's internal auditing body and is closely linked to Messe Düsseldorf's internal monitoring system. All these systematic monitoring operations have, in their entirety, the aim of guaranteeing the security and efficiency of business operations, the reliability of financial reporting, and the conformity of all Company activities with statutes and regulations.

What Messe Düsseldorf defines as a risk is an exposure to losses, ensuing from events or actions, that may have a negative impact on the Group's net worth, financial situation and profitability.

Individual risk categories are defined on the basis of this overall risk definition. The various risk categories express the severity of the repercussions to which the Group's net worth, financial situation and profitability will be exposed if a risk materializes. In this classification, the following risk categories have been laid down:

- Operating risks
- Ad hoc risks

Operating risks are risks whose expected level of loss would not have the effect of jeopardizing the Group's existence, but which, viewed separately or in their interaction with other operating risks, would have a more than negligible impact on the Group's net worth, financial situation and profitability.

Ad hoc risks are risks whose expected level of loss and probability of materialization would trigger an immediate report to the Board of Management and from the Board of Management to the Supervisory Board.

In the risk committee, the risks reported by the risk owners are evaluated and discussed. Subsequently, the risk committee chairperson reports directly to the management.

Risks

Individual risks are assessed on the basis of the anticipated level of loss and the probability of the risk actually materializing. In the year under review, the risks affecting the parent company and those affecting the Group were identical.

Risks identified at 31 December 2017:

Probability of materialization	Level of loss		
	Low	Relevant	Critical
Very high (75%–100%)	–	1	–
High (50%–75%)	–	3	–
Medium (25%–50%)	–	–	–
Low (0%–25%)	–	–	–

The risk identified as being relevant, with a very high probability of materialization, relates to the sufficiency of Messe Düsseldorf's human resources in the years 2019 and 2020, that will be characterized by a high trade fair frequency. To be able to successfully cope with the greater volume of orders in these two years, Messe Düsseldorf has introduced measures such as process analyses, process optimization, and the provision of more human resources. The risks associated with a relevant level of loss and with a high probability of materialization consist, in each case, of one risk to sales, one technological risk, and a second risk relating to human resources. The sales risk relates to the various foreign markets. The risks affecting foreign markets as a matter of course, such as low exchange rates or tense political situations, have been concentrated, in the risk survey, into one country-related risk. The level of loss affecting Messe Düsseldorf with

regard to this risk relating to our foreign markets is intensified via the Group's subsidiaries. The technological risk associated with digital transformation affects all trade fair locations in equal measure. Messe Düsseldorf has identified a wide range of individual operating measures and started on their successive implementation in 2016. The third risk identified as being relevant, and with a high probability of materialization, relates to HR development and the sufficiency of the Company's human resources. Considering the age structure in several key functions, know-how transfer as part of the process of personnel replacement will have to be carried out promptly and in a widely-diversified manner. Adequate measures have been introduced by the human resources department in consultation with the various technical departments concerned.

In the business year under review, no risks were established that, either individually or cumulatively, might be susceptible to jeopardizing Messe Düsseldorf's existence.

Risk reports relating to the use of financial instruments

At 31 December 2017, Messe Düsseldorf GmbH had concluded a total of three (previous year: six) interest rate swap transactions designed to hedge against interest rate-related payment flow risks relating to variable-interest liabilities to banks – entered into for the purpose of financing future capital projects. These three interest rate swap transactions provide a hedge for future loans with a total volume of EUR 60,000k; the latter are to be anticipated with a high degree of probability.

Forecast report

	Forecast for 2017	2017 results	Forecast for 2018
Sales (€ '000)	330,529	366,884	271,790
Net pre-tax profit for the year (€ '000)	32,834	76,071	-1,248
Capital expenditure on fixed assets* (€ '000)	62.627	52.407	111.614

* Including repairs and maintenance

Due to the sound course of the trade fair year, Group sales revenue increased to EUR 366,884k compared to the 2017 forecast. At the same time, the bulk of this improvement in sales was accomplished in Germany, while foreign business continued to suffer from the repercussions of the global political and economic situation. On the expenditure side, project budgets were complied with on the basis of cost-conscious action, and this led to a further improvement in results. An unexpectedly great reduction in accruals and the fact that overheads were lower than those scheduled intensified the positive impact on profitability.

The deconsolidation of IGEDO had an impact on the Group's 2017 result. The other variances mainly concerned the parent company.

Messe Düsseldorf GmbH	Forecast for 2017	2017 results	Forecast for 2018
Sales (€ '000)	301,335	339,845	254,631
Net pre-tax profit for the year (€ '000)	31,270	73,244	453
Capital expenditure on fixed assets* (€ '000)	62,514	50,688	109,895
Own events			
Net hall space rented out (m ²)	809,149	865,331	683,211
Numbers of exhibitors	23,013	24,795	21,544
Numbers of visitors	1,128,300	1,205,061	914,650

* Including repairs and maintenance

The positive variances reported by Messe Düsseldorf GmbH were due to the sound trend with regard to the Company's own events; in particular, the key international trade fairs interpack and EuroShop went off better than expected. In the guest events section, the SCHWEISSEN & SCHNEIDEN event carried out on a one-off basis sent a really positive signal. In the non-operating result, the impact of the sale of the IGEDO share-

holding and of the reduction in accruals for the P1 parking spaces, and also in respect of business with Russia, led to an improvement in profitability.

In the 2018 trade fair year, the Messe Düsseldorf Group is expecting sales revenue of roughly EUR 272 million. With a scheduled number of 30 events in Düsseldorf alone, Messe Düsseldorf is anticipating sales of EUR 255 million and a net pre-tax profit for the year of approximately EUR 0.5 million. It is above all the flagship trade fairs – ProWein, MEDICA, boot, and CARAVAN SALON - that will have a crucial impact on sales. By comparison, due to trade fair rotation, the year 2019 that follows is again set to be one with a relatively high event frequency.

Opportunity report

An integral part of the business concept is a master plan for the modernization of the exhibition site, covering all the halls and conference rooms on the site. The solid 2017 annual result provides a further financial basis for this plan. As has already been the case in previous years, the bulk of the Company's operating cash flow has again been channelled into the modernization of the Düsseldorf exhibition site. In concrete terms, by the end of 2017, Messe Düsseldorf had completely rebuilt or modernized 11 of the 19 halls. The year 2017 saw the commencement, as scheduled, of construction work for the new Hall 1. The redesign of the CCD South Foyer was able to be completed to a great extent by the end of 2017. With the new, state-of-the-art South Entrance directly on the bank of the Rhine, Messe Düsseldorf is giving a strong

architectural signal at a particularly visible location and establishing high functional standards. The sum total of the capital investment in the master plan serving as a basis for all this will amount to EUR 650 million by the year 2030. By the end of 2018, a good EUR 310 million will have been invested in new hall construction projects and in projects involving the conversion of existing halls. All these building projects will be carried out without any public subsidies.

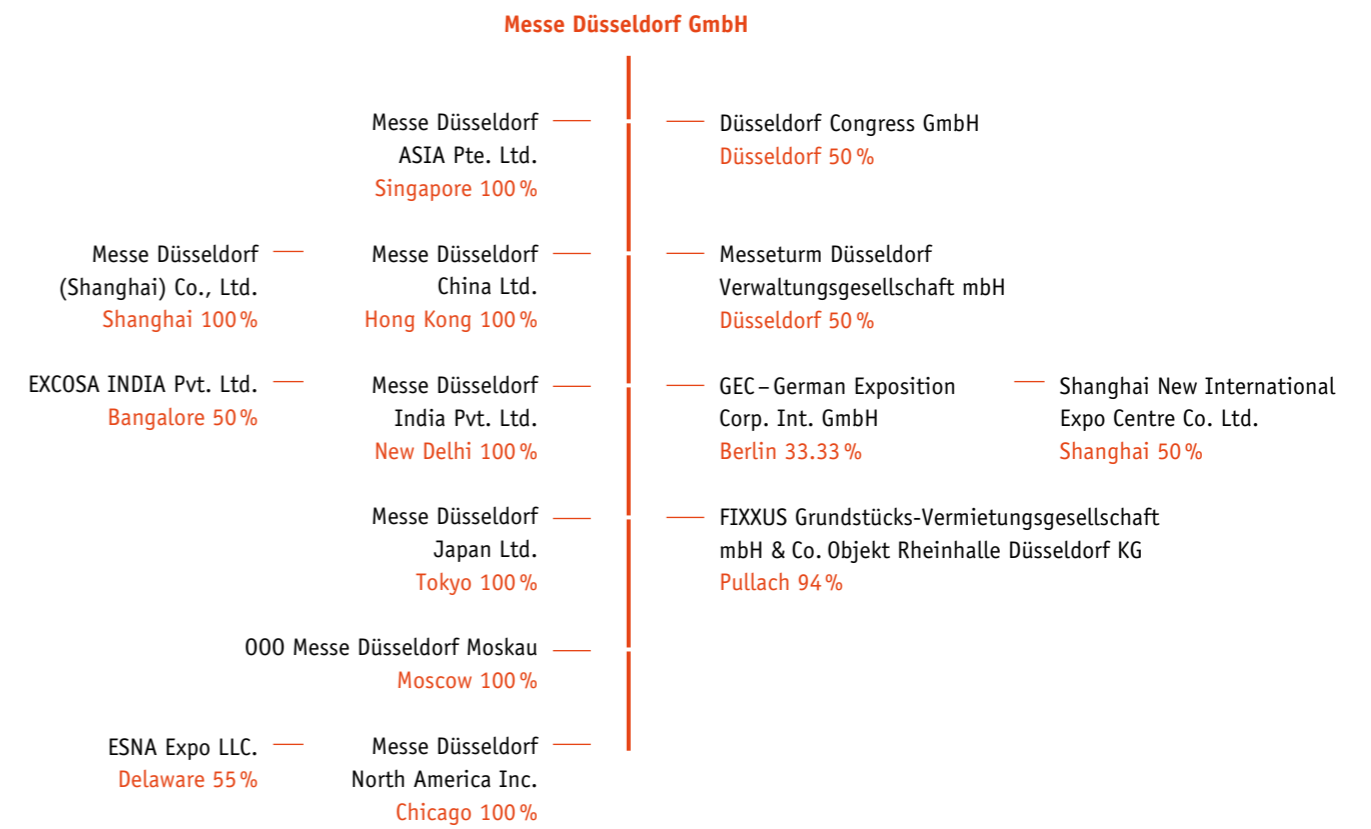
66 events and participations are scheduled for 2018. Messe Düsseldorf is planning to strengthen its presence, especially in forward-looking markets with a high growth potential such as those of Iran or India.

Statement regarding compliance with the Company's public objective and the attainment of the goal set in accordance with Section 108 subsection 3 item 2 GO NRW (Local Authorities Code for the Land of North Rhine-Westphalia)

In accordance with the articles of association of Messe Düsseldorf GmbH, the object of the Company is to organize and stage fairs, exhibitions and other events that serve to promote industry, craft industries, trade and services, and to provide the counselling, project development and order placement services necessary for this purpose.

We are absolutely convinced of the fact that we have oriented the business policy and strategic position of Messe Düsseldorf in a suitable fashion.

Messe Düsseldorf GmbH Group



Consolidated Balance Sheet

of Messe Düsseldorf GmbH at 31 December 2017

Assets	31.12.2017	31.12.2016
	€'000	€'000
Fixed assets		
Intangible assets		
Concessions, industrial and similar rights and assets, and licences in such rights and assets	9,512	6,331
Advance payments made	527	3,272
	10,039	9,603
Tangible assets		
Land, land rights and buildings, including buildings on third-party land	373,116	390,541
Other equipment, factory and office equipment	10,785	10,684
Advance payments made and assets under construction	31,968	12,641
	415,869	413,866
Financial assets		
Shares in affiliated enterprises	869	26
Shares in associated enterprises	1,119	930
Participations	883	0
Other loans	6	42
	2,877	998
	428,785	424,467
Current assets		
Inventories		
Raw materials, auxiliary materials and supplies	127	128
Finished goods and merchandise	1	24
	128	152
Receivables and other assets		
Trade receivables	8,225	11,034
Receivables from affiliated enterprises	10	33
Receivables from associated enterprises	1,419	906
Other assets	12,113	14,299
	21,767	26,272
Cash-in-hand, bank balances	168,332	214,637
	190,227	241,061
Prepaid expenses	7,531	6,530
Deferred tax assets	435	0
	626,978	672,058

Equity and liabilities	31.12.2017	31.12.2016
	€'000	€'000
Equity		
Subscribed capital	15,625	15,625
Capital reserves	79,718	79,718
Other revenue reserves	119,773	119,773
Difference in equity due to currency translation	-97	532
Adjusting item for minority interests	1,665	1,661
Consolidated distributable profit	260,139	222,440
	476,824	439,749
Accruals		
Accruals for pensions and similar obligations	17,450	16,231
Tax accruals	8,984	13,653
Other accruals	36,131	50,758
	62,565	80,642
Liabilities		
Liabilities to banks	9,498	39,408
Advance payments received in respect of orders	32,690	58,572
Trade payables	11,210	18,679
Payables to shareholders	65	22
Payables to affiliated enterprises	72	68
Other liabilities	33,727	34,666
(of which taxes: € 1,125k; previous year: € 1,794k)		
(of which relating to social security and similar obligations: € 8k; previous year: € 3k)		
	87,262	151,415
Deferred tax liabilities	327	252
	626,978	672,058

Consolidated Income Statement

of Messe Düsseldorf GmbH for the Period from 1 January to 31 December 2017

	31.12.2017	31.12.2016
	€ '000	€ '000
Sales	366,884	442,806
Own work capitalized	49	292
Other operating income	15,992	8,566
Event-related expenses		
a) Cost of raw materials, auxiliary materials and supplies, and of purchased merchandise	8,482	11,688
b) Cost of purchased services	157,034	179,203
	165,516	190,891
Human resources expenses		
a) Wages and salaries	50,688	50,913
b) Social security charges and costs of retirement pensions and other welfare benefits (including € 5,054k for retirement pensions; previous year: € 3,561k)	14,116	12,295
	64,804	63,208
Depreciation on intangible and tangible fixed assets	26,359	26,399
Other operating expenses	50,368	73,770
Net income from participations	4,000	3,500
Net income from shareholdings in associated enterprises	189	53
Income from long-term loans	1	1
Other interest and similar income	385	166
Write-downs of financial assets and investments classified as current assets	0	768
Interest and similar expenditure	4,382	5,832
Taxes on income and profits	21,035	35,679
Consolidated net profit for the year	37,236	58,837
Portion of loss/profit accruing to minority interests	-336	-1,027
Profit brought forward from the previous year	205,440	164,630
Consolidated distributable profit	242,340	222,440

Movements in the Consolidated Fixed Assets

of Messe Düsseldorf GmbH in the 2017 Business Year

	Cost of acquisition/manufacture						Depreciation						Book values			
	Status at 1.1.2017 € '000	Currency translation € '000	Changes in scope of consolidation	Additions € '000	Reclassifications € '000	Retirements € '000	Status at 31.12.2017 € '000	Status at 1.1.2017 € '000	Currency translation € '000	Changes in scope of consolidation	Write-ups € '000	Additions € '000	Retirements € '000	Status at 31.12.2017 € '000	Status at 31.12.2017 € '000	Status at 31.12.2016 € '000
Intangible assets																
Concessions, industrial property rights and similar rights and assets, and licences in such rights and assets	51.823	0	-120	2.798	3.190	1.218	56.473	45.492	0	-95	0	2.579	1.015	46.961	9.512	6.331
Goodwill	4.230	0	-1.830	0	0	0	2.400	4.230	0	-1.830	0	0	0	2.400	0	0
Advance payments made	3.272	0	0	420	-3.165	0	527	0	0	0	0	0	0	527	3.272	
Total intangible assets	59.325	0	-1.950	3.218	25	1.218	59.400	49.722	0	-1.925	0	2.579	1.015	49.361	10.039	9.603
Tangible assets																
Land, land rights and buildings, including buildings on third-party land	929.933	0	0	4.520	0	15.305	919.148	539.392	0	0	0	20.327	13.687	546.032	373.116	390.541
Other equipment, factory and office equipment	47.572	-176	-174	3.762	12	2.322	48.674	36.888	-144	-61	0	3.453	2.247	37.889	10.785	10.684
Advance payments made and assets under construction	12.641	0	0	19.411	-37	47	31.968	0	0	0	0	0	0	31.968	12.641	
Total tangible fixed assets	990.146	-176	-174	27.693	-25	17.674	999.790	576.280	-144	-61	0	23.780	15.934	583.921	415.869	413.866
Financial assets																
Shares in affiliated enterprises	2.101	0	-25	868	0	0	2.944	2.075	0	0	0	0	0	2.075	869	26
Shares in associated enterprises	930	0	0	189	0	0	1.119	0	0	0	0	0	0	1.119	930	
Participations	11.958	0	0	0	0	75	11.883	11.958	0	0	883	0	75	11.000	883	0
Other loans	42	0	-22	0	0	14	6	0	0	0	0	0	0	6	42	
Total financial assets	15.031	0	-47	1.057	0	89	15.952	14.033	0	0	883	0	75	13.075	2.877	998
Sum total	1.064.502	-176	-2.171	31.968	0	18.981	1.075.142	640.035	-144	-1.986	883	26.359	17.024	646.357	428.785	424.467

Explanatory Notes on the Consolidated Balance Sheet and Income Statement

of Messe Düsseldorf GmbH

I. General principles

The annual financial statements of Messe Düsseldorf GmbH, Düsseldorf (entered in the Commercial Register of the Düsseldorf District Court/Amtsgericht under HRB No. 63) have been prepared in compliance with the mercantile law provisions relating to large joint-stock companies. Pursuant to Section 290 HGB (Commercial Code), the Company is obligated to prepare consolidated financial statements. The consolidated financial statements of Messe Düsseldorf GmbH have been prepared in compliance with the provisions of the GmbH Act (Act concerning limited-liability companies).

For the Income Statement, the total costs (type of expenditure) method has been opted for. The peculiarities of trade fair business have been taken into account.

II. Scope and principles of consolidation

In addition to Messe Düsseldorf GmbH, the consolidated financial statements also fully include the following subsidiaries in which Messe Düsseldorf GmbH has a direct or indirect majority holding:

- Messe Düsseldorf North America Inc., Chicago/USA
- Messe Düsseldorf ASIA Pte. Ltd., Singapore
- 000 Messe Düsseldorf Moscow, Moscow/Russia
- Messe Düsseldorf China Ltd., Hong Kong/China
- Messe Düsseldorf (Shanghai) Co., Ltd., Shanghai/China
- IGEDO Company GmbH & Co. KG, Düsseldorf (up to 30 September 2017)
- Messeturm Düsseldorf Verwaltungsgesellschaft mbH, Düsseldorf
- FIXXUS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Rheinhalle Düsseldorf KG, Pullach

Pursuant to Section 296 subsection 2 HGB (Commercial Code), the inclusion in the consolidated financial statements of Messe Düsseldorf Japan Ltd., Tokyo/Japan, Messe Düsseldorf India Pvt. Ltd., New Delhi/India, including the latter's 50-percent shareholding in EXCOSA INDIA Pvt. Ltd., Bangalore/India, has been waived. The inclusion of ESNA Expo LLC.,

Delaware/USA – a 55-percent subsidiary of Messe Düsseldorf North America Inc. – has also been waived.

Pursuant to Section 312 HGB, the shareholding in Düsseldorf Congress Sport & Event GmbH, Düsseldorf, has been included in the consolidated financial statements at equity. At 31 December 2017, the equity of Düsseldorf Congress Sport & Event GmbH totalled EUR 2,237k (previous year: EUR 1,859k), the company's balance-sheet value amounting to EUR 1,119k (previous year: EUR 930k).

Messe Düsseldorf GmbH holds 33.33% of the shares in German Exposition Corporation International GmbH, Berlin. Pursuant to Section 311 subsection 2 HGB, the inclusion of GEC as an associated company has been waived.

Messturm Düsseldorf Verwaltungsgesellschaft mbH, Düsseldorf and FIXXUS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Rheinhalle Düsseldorf KG, Pullach, have been included in the consolidated financial statements pursuant to Section 290 subsection 2, item 4 HGB (special-purpose entities).

The capital consolidation of the companies included in the consolidated financial statements was based on book values in the case of first-time consolidation up to 31 December 2008. Pursuant to Section 301 subsection 1 sentence 2 HGB, the revaluation method has been applied for consolidation since 1 January 2009.

The positive differences arising from capital consolidation are partly allocated to the assets of the subsidiary concerned and depreciated on the basis of their useful life. Any positive differences remaining have been posted as goodwill and depreciated over a four-year period in all cases. Unscheduled write-downs are applied whenever necessary. At 31 December 2017, all items of goodwill had been written off completely.

Pursuant to Section 309 HGB, the amounts of negative goodwill arising from the capital consolidation of 000 Messe Düsseldorf Moscow (EUR 1,448k) and Messeturm Düsseldorf Verwaltungsgesellschaft mbH (EUR 3,987k) have been posted to capital reserves.

The negative goodwill arising from the initial consolidation of Messe Düsseldorf China Ltd. is shown in the adjusting item set up during capital consolidation. In 2014, the adjusting item was added to the consolidated distributable profit for the year. In an agreement dated 29 October 2012, Messe Düsseldorf acquired the remaining shares in Messe Düsseldorf China Ltd., amounting to 20 percent of the total, for a purchase price of EUR 3,500k. As part of the initial consolidation of the shares acquired, the Group acquired an intangible right to a trade fair for a sum of EUR 3,138k, which was to be written off over a five-year period. Furthermore, deferred tax liabilities amounting to EUR 549k were to be taken into account.

The EUR 21k negative goodwill arising from the initial consolidation of Messe Düsseldorf (Shanghai) Co., Ltd., Shanghai, was set off against consolidated profit brought forward. The inclusion process was carried out via the financial statements of the Messe Düsseldorf China Ltd., Hong Kong/China, subgroup as the latter company is the sole shareholder of Messe Düsseldorf (Shanghai).

In a contract dated 30 September 2017, Messe Düsseldorf sold its limited partner's shares in IGEDO Company GmbH & Co. KG, including the balances of the capital accounts managed at IGEDO on Messe Düsseldorf's behalf. The purchase price of the limited partner's shareholding amounted to EUR 4,511k. Accordingly, IGEDO Company GmbH & Co. KG was deconsolidated as of 30 September 2017. The repercussions of this on the Group's equity are presented in the statement of changes in equity.

Any reciprocal receivables and liabilities between the fully-consolidated companies are set off against each other. In the Consolidated Income Statement, intragroup sales revenues and other intragroup income items are set off against the corresponding expenditure. Intragroup interim profits were eliminated in the year under review.

Pursuant to Section 308a HGB, foreign currency amounts on the balance sheets of the foreign subsidiaries included in the consolidation are translated on the basis of the spot

exchange middle rates applicable on the balance-sheet date. This does not apply to equity, which has been translated at the appropriate historical rates. The income statements have been translated at the average rates applicable to the accounting period. Any currency translation differences ensuing have been posted to the adjusting items set up for this purpose, and thus have no effect on earnings.

III. Accounting and valuation policies

The individual companies' financial statements on which full consolidation is based are uniformly prepared in accordance with the accounting and valuation guidelines laid down by the parent company. Uniform valuation policies have not been applied to the associated companies.

Purchased intangible assets are reported at their acquisition cost less the scheduled depreciation charge. Depreciation is based on the straight-line method, taking the normally-applicable useful life of the asset into account.

Tangible assets are valued at acquisition or manufacturing costs and, provided their useful life is limited in time, scheduled depreciation is deducted. If necessary, additional depreciation is applied based on the value appropriate for the assets on the balance-sheet date.

Since 2014, buildings have been depreciated on a straight-line basis. Investments in extensions to buildings are depreciated so as to match the whole building's remaining useful life. The straight-line method is used for depreciation on additions to movable assets. Straight-line depreciation is calculated pro rata temporis.

Low-value assets with a value of between EUR 52 and EUR 410 are written off fully in the year of acquisition and are simultaneously reported as a retirement in the fixed assets movements schedule.

Shares in affiliated companies and participations are carried at cost of acquisition or at such lower value as may be appropriate. The values of any participations in associated

enterprises that are reported are stated with due consideration to the adjustments made as part of the “at equity” valuation procedure.

Loans are shown at their nominal value less any principal repaid. Write-downs are made to the extent required to reflect any identifiable risks.

Inventories are valued, in some cases, at fixed amounts, in other cases at their average prices or at cost price, if this is lower. If inventories are subject to risks arising from periods of storage or reduced merchantability, write-downs are made.

Receivables and other assets are shown at their nominal value. Appropriate individual write-downs are made to cover any risks that are identifiable. Interest-free receivables with a remaining term of more than one year are discounted as from the balance-sheet date.

The asset-value of direct accruals for pensions is established on the basis of actuarial principles following the projected unit credit method (PUC method), and also applying the 2005 G standard tables of Dr. Klaus Heubeck. Accruals for pensions are discounted at a flat rate, this being the average market interest rate of the last ten years, applicable to an assumed remaining term of 15 years, as published by the Deutsche Bundesbank (German Federal Bank) for the month of December 2017. For 2017, this interest rate was assumed to be 3.68 (previous year 4.01) percent. The calculation following the PUC method is based on the following assumptions regarding trends:

- Trend in wages and salaries: 2.7 percent (previous year: 2.7 percent)
- Trend in the income ceiling for social security contributions: 2.7 percent (previous year: 2.7 percent)
- Trend in pensions: 2.2 percent (previous year: 1.7 percent)
- Fluctuation: 1.0 percent (previous year: 1.0 percent)

All other accruals have been set up at a required payment level that takes account of all identifiable risks on the basis of a prudent business assessment. Accruals with a remaining term of more than one year are discounted on the basis of the actuarial interest rates published by the Deutsche Bundesbank.

Liabilities are stated at the amounts repayable. The payments received on account mainly relate to trade fairs and events scheduled for subsequent years.

Receivables and liabilities in foreign currencies are entered in the accounts at the rate of exchange applicable at the time, and are then valued at year-end at the rate applicable on the closing date. As regards receivables and liabilities with a remaining term of more than one year, the principle of lowest value or highest value is applied, as the case may be.

IV. Explanatory notes and disclosures concerning the Consolidated Balance Sheet

Fixed assets

Apart from purchased software, the intangible assets mainly consist of usufructuary rights. The additions mainly relate to Windows 10 licences and components of the new online order system. The advance payments made relate to the event information system and the interactive hall plan.

The additions to tangible assets are primarily attributable to additions to buildings and to facilities under construction. The items concerned mainly consist of the newly-constructed Stockumer Höfe warehouse, the renovation of the Hall 13 cooling plant and that of the fire protection system in the CCD South. The purchases in the field of operating and office equipment relate principally to the replacement of computer hardware as a result of the switchover to Windows 10. Additions to facilities under construction primarily ensue from the construction of the new Exhibition Hall 1. The retirements in the sphere of tangible assets mainly result from the retirements of Halls 1 and 2 and of the CCD South Pavilion.

The addition to shareholdings in affiliated companies relates to the EUR 762k capital increase at Messe Düsseldorf India Pvt. Ltd., New Delhi/India, and the acquisition, amounting to EUR 106k, of the 55-percent participation in ESNA Expo LLC., Delaware/USA, by Messe Düsseldorf North America.

GEC – German Exposition Corp. Int. GmbH holds a 50-percent stake in Shanghai New International Expo Centre Co. Ltd. (SNIEC). Despite the completion of the competitive site in Hongqiao (Shanghai), the occupancy times of the SNIEC grounds have not been reduced to the extent expected. Due to the risks still remaining on account of the competitive situation, the carrying amount of the GEC – German Exposition Corp. Int. GmbH investment has been written up to EUR 883k in a first step.

For further details, the reader is referred to the fixed assets movements schedule attached to the Notes to the financial statements as Annex 1.

The list of subsidiaries and other holdings is attached to the Notes as Annex 2.

FIXXUS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Rheinhalle Düsseldorf KG avails itself of the exemption stated in Section 264b HGB and waives the disclosure of its annual financial statements.

Receivables and other assets

As in the previous year, the trade receivables item contains no receivables with a remaining term exceeding one year. The other assets item contains receivables amounting to EUR 98k (previous year: EUR 105k) with a remaining term exceeding one year.

As in the previous year, the receivables from affiliated enterprises relate to trade receivables from the subsidiaries that, pursuant to Section 296 subsection 2 HGB (Commercial

Code), have not been included in the consolidated financial statements. The remaining term of the receivables concerned is less than one year.

As in the previous year, the receivables from associated enterprises relate to trade receivables from the affiliates that have been included in the consolidated financial statements at equity. These receivables have a remaining term of less than one year.

Deferred tax assets

The deferred tax assets shown in the amount of EUR 436k are due to consolidation measures for Messe Düsseldorf Moscow in compliance with Section 304 HGB. The calculation of these deferred tax assets was carried out on the basis of the 20 percent tax rate that is applicable to Russia.

Accruals

The Company’s direct pension obligations to former managerial staff and two current managers are fully covered by pension accruals. In the year under review, these obligations led to changes in pension accruals amounting to EUR 1,554k, with a net impact on results. The difference ensuing from the use of the 10-year average interest rate compared to the 7-year average interest rate resulted in a EUR 1,759k (previous year: EUR 1,420k) reduction in pension accruals.

The tax accruals mainly cover taxes on business profits relating to the year under review and also accruals designed to cover tax audits.

The other accruals cover all identifiable risks and have been calculated on the basis of prudent commercial principles.

The accruals underwent the following movements:

	1.1.2017	Amount utilized	Currency translation	Change in the scope of consolidation	Write-backs	Additions	31.12.2017
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
1. Accruals for pensions and similar commitments	16,231	893	0	-345	0	2,457	17,450
2. Tax accruals	13,653	9,180	-2	-122	2,091	6,726	8,984
3. Other accruals							
<i>Risks associated with order processing</i>							
Outstanding invoices	17,086	7,682	-10	-192	3,293	4,743	10,652
Repayment risks	595	0	0	0	595	0	0
	17,681	7,682	-10	-192	3,888	4,743	10,652
<i>Human resources and the social sphere</i>							
Accruals for staff bonuses	0	0	0	0	0	1,226	1,226
Accruals for vacations	2,317	2,298	-5	0	0	2,088	2,102
Accruals for anniversaries	2,738	164	0	0	7	0	2,567
Accruals for bonuses	726	675	-10	0	8	726	759
Miscellaneous accruals	449	220	-8	-114	25	455	537
	6,230	3,357	-23	-114	40	4,495	7,191
<i>Other accruals</i>							
Impending losses	10,276	0	0	0	6,367	0	3,909
Fiscal risks in foreign countries	14,750	0	0	0	1,750	0	13,000
Annual financial statements costs	450	425	-5	-81	14	475	400
Miscellaneous accruals	1,371	831	-10	0	0	449	979
	26,847	1,256	-15	-81	8,131	924	18,288
	50,758	12,295	-48	-387	12,059	10,162	36,131
	80,642	22,368	-50	-854	14,150	19,345	62,565

Liabilities

The Group's liabilities at 31.12.2017 were classified as follows on the basis of their remaining terms:

	Total amount	With a remaining term of		
		up to 1 year	up to 5 years	more than 5 years
	€ '000	€ '000	€ '000	€ '000
Liabilities to banks	9,498	219	8,779	500
Payments received on account	32,690	32,607	83	0
Trade payables	11,210	11,210	0	0
Payables to shareholders	65	65	0	0
Payables to affiliated enterprises	72	72	0	0
Other liabilities	33,727	16,450	16,423	854
	87,262	60,624	25,285	1,354

The Group's liabilities at 31.12.2016 were classified as follows on the basis of their remaining terms:

	Total amount	With a remaining term of		
		up to 1 year	up to 5 years	more than 5 years
	€ '000	€ '000	€ '000	€ '000
Liabilities to banks	39,408	30,129	0	9,279
Payments received on account	58,572	58,539	33	0
Trade payables	18,679	18,679	0	0
Payables to shareholders	22	22	0	0
Payables to affiliated enterprises	68	68	0	0
Other liabilities	34,666	9,426	18,573	6,667
	151,415	116,863	18,606	15,946

Of total liabilities to banks, EUR 0k (previous year: EUR 30,000k) consisting of liabilities to banks were secured by means of charges on real estate.

As in the previous year, the payables to shareholders mainly related to trade payables; payables to affiliated enterprises also included trade payables.

Deferred tax liabilities

The deferred tax liabilities shown in the amount of EUR 327k (previous year: EUR 252k) are due to consolidation measures in compliance with Section 304 HGB. There were deferred tax liabilities totalling EUR 6,973k (previous year: EUR 7,502k) based on consolidation entries pursuant to Section 306 HGB, having an impact on the result and concerning the parent company. In accordance with Section 274 HGB, this sum was set off against deferred tax assets for the same amount. The latter ensue from differences between the commercial-law and fiscal balance-sheet valuations of shares in affiliated enterprises, participations and accruals. A tax rate of 31.23 percent was applied, this being identical to the rate applied in the previous year.

V. Explanatory notes on the Income Statement

As a result of the deconsolidation of Veletrhy Brno a. s. and Brno INN a. s. in the previous year and that of IGEDO with effect from 30 September 2017, the previous year's Income Statement figures are comparable only to a limited extent.

Sales

Consolidated sales in the business year under review can be broken down according to the following business segments and regions:

Business segment	2017 €'000	2016 €'000
Trade fair business	366,884	441,982
Hotel management	0	824
	366,884	442,806
Region	2017 €'000	2016 €'000
Germany	297,081	369,704
Russia	33,276	27,994
China	14,847	18,615
USA	4,620	6,422
Czech Republic	0	6,998
Singapore	6,318	4,244
India	1,393	2,436
Iran	2,771	0
Other countries	6,578	6,393
Total foreign sales	69,803	73,102
	366,884	442,806

EUR 487k of sales (previous year: EUR 1,053k) were related to events of previous years.

Other operating income

Income not relating to the accounting period mainly consists of EUR 12,059k (previous year: EUR 4,697k) in the form of income deriving from write-backs of accruals. The non-operating items consist mainly of insurance refunds amounting to EUR 1,144k (previous year: EUR 2,356k), EUR 1,055k of which relates to the fire damage in the Stockumer Höfe warehouse and EUR 883k to the GEC write-up.

Event-related expenses

The differentiation between event-related expenditure and other operating expenses was effected via an assessment of the individual costs. The event-related expenditure consists of costs that are directly allocable to a cost unit. Deliveries of fabricated goods are recorded under „cost of raw materials, auxiliary materials and supplies, and of purchased merchandise“. Construction work and other services are included in „cost of purchased services“.

It is mainly energy costs, operating expenses and auxiliary costs, and expenditure on advertising materials that are shown under „cost of raw materials, auxiliary materials and supplies, and of purchased merchandise“, whereas the „cost of purchased services“ item mainly covers expenditure on commissions, stand construction services purchased, rental charges, and advertising expenditure.

Other operating expenses

In addition to exhibition site maintenance costs, the other operating expenses mainly consist of rental charges for premises, legal and consultancy expenses, expenditure on advertising and IT expenses, insurance policies, site security and cleaning services, and additions to accruals. The non-operating expenditure totalling EUR 4,809k (previous year: EUR 30,544k) is mainly due to the retirement of assets in connection with the construction of the new Hall 1. Furthermore, the non-operating expenditure also contains a EUR 2,619k deconsolidation loss resulting from the sale of the shareholding in IGEDO Company GmbH & Co. KG. The other taxes incurred in the business year concerned and shown as

part of other operating expenses amount to EUR 1,535k (previous year: EUR 2,043k).

Interest and similar expenditure

In addition to interest on loans and interest rate swap transactions, the item covers expenditure deriving from the discounting of accruals in the amount of EUR 623k (previous year: EUR 772k).

Taxes on income and profits

The item mainly shows expenditure on tax on business profits for the business year under review and deferred taxation ensuing from valuation adjustments. The changes in deferred taxation have given rise to revenue amounting to EUR 634k (previous year: EUR 110k) and expenditure amounting to EUR 276k (previous year: EUR 922k).

The following reconciliation between the expected business profits and income tax expense and actual business profits and income tax expense is based on a tax rate of 31.23 percent, which has remained unchanged since the previous year.

	2017 T€	2016 T€
Expected expenditure on taxes on income and business profits	18,198	29,517
Foreign tax burden differing from the above	-1,150	-1,267
Tax-free income	-2,677	-1,038
Non-deductible expenditure	5,712	2,920
Losses having no effect on taxation	2,190	5,748
Tax relating to earlier business years	-432	-763
Other factors	-805	562
	2,838	6,162
	21,036	35,679

Appropriation of profits

The management proposes that a EUR 24,000k portion of the net income for the year of Messe Düsseldorf GmbH, totalling EUR 57,171k, be paid out as a dividend. The remaining sum amounting to EUR 33,171k should be carried forward to new account.

VI. Other disclosures

Human resources

In addition to the four members of the management, on average 831 (previous year: 932) staff members were employed during the business year. The workforce is subdivided into 683 full-time employees (previous year: 791) and 148 part-time employees (previous year: 141). In addition, the casual staff and apprentices employed numbered on average 189 (previous year: 393) and 17 (previous year: 16), respectively.

Other financial obligations and contingent liabilities

On the balance-sheet date, the Company's purchase commitments totalled EUR 139,170k (previous year: EUR 151,362k). Further obligations amounting to EUR 5,503k (previous year: EUR 6,364k) stemmed from commitments relating to long-term rental agreements and leases.

On the balance-sheet date, guarantees amounting to EUR 600k (previous year: EUR 507k) had been issued in favour of employees to cover employees' investment loans. In addition, there were guarantees amounting to EUR 16k (previous year: EUR 16k) relating to trade-related transaction relationships.

With regard to the other financial commitments resulting from the cover provided by the Rhenish Supplementary Pension Fund, which continues to be inadequate, the reader's attention is drawn to the explanatory notes on pension accruals.

Hedging policy and financial derivatives

Due to its being an internationally-operating company, both the business operations and financing transactions of Messe Düsseldorf GmbH are exposed to financial risks. The risks involved may arise in particular as a result of interest rate changes and exchange rate fluctuations.

In accordance with the Company's risk management system, action is taken to limit these risks not only by identifying, analyzing and assessing them but also by using financial derivative instruments. Pursuant to a management directive, it is not permissible to use such derivatives for speculative purposes.

At 31 December 2017, Messe Düsseldorf GmbH had concluded a total of three (previous year: six) interest rate swap transactions designed to hedge against interest rate-related payment flow risks relating to variable-interest liabilities to banks – entered into for the purpose of financing future capital projects. These three interest rate swap transactions provide a hedge for future loans with a total volume of EUR 60,000k; the latter are to be anticipated with a high degree of probability. As regards these interest rate swaps covering future loan transactions, due to the changed situation relating to interest rates no valuation unit can be set up at the moment. For this reason, a EUR 3,347k (previous year: EUR 3,776k) accrual has been created in respect of the market value to be covered.

Cash and cash equivalents

The cash and cash equivalents item shown in the Consolidated Cash Flow Statement corresponds to the cash in hand / bank balances item shown on the Balance Sheet.

Auditors' fees

A sum of EUR 136k (previous year: EUR 130k), constituting the total fee calculated, was recorded as an expense, in the business year under review, for the auditing of Messe Düsseldorf GmbH's annual and consolidated financial statements by the auditor appointed. Here, EUR 126k (previous year: EUR 120k) was accounted for by auditing services, EUR 10k (previous year: EUR 10k) being attributable to other certification services.

Transactions contrary to market principles

No transactions contrary to market principles involving companies or persons close to the Company have been performed.

Statement of Changes

in Messe Düsseldorf GmbH Group Equity with regard to the 2017 Business Year

	Parent company				Parent company			Minority interests			Total
	Subscribed capital	Capital reserves	Revenue reserves	Currency translation differences	Consolidated profit brought forward	Consolidated net income for the year	Equity	in capital	in profit/loss	in equity	Group equity
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Status at 31.12.2015	15,625	79,718	121,331	4,216	162,744	10,578	394,212	30,024	-322	29,702	423,914
Carried forward to new account	-	-	-	-	10,578	-10,578	-	-322	322	-	-
Consolidated net income for the year	-	-	-	-	-	57,811	57,811	-	1,027	1,027	58,838
Distribution of dividends	-	-	-	-	-10,141	-	-10,141	-	-	-	-10,141
Changes in the scope of consolidation	-	-	-1,558	-99	1,723	-	66	-28,778	-	-28,778	-28,712
Currency translation differences	-	-	-	-3,585	-274	-	-3,859	-290	-	-290	-4,149
Status at 31.12.2016	15,625	79,718	119,773	532	164,630	57,811	438,089	634	1,027	1,661	439,750
Carried forward to new account	-	-	-	-	-	-	-	1,027	-1,027	-	-
Consolidated net income for the year	-	-	-	-	-	54,699	54,699	-	337	337	55,036
Distribution of dividends	-	-	-	-	-17,000	-	-17,000	-	-	-	-17,000
Changes in the scope of consolidation	-	-	-	-	-	-	-	-236	-97	-333	-333
Currency translation differences	-	-	-	-629	-	-	-629	-	-	-	-629
Status at 31.12.2017	15,625	79,718	119,773	-97	147,630	112,510	475,159	1,425	240	1,665	476,824

Except for the amount posted to deferred tax assets, the Group equity generated is fully available for distribution to the shareholders.

Consolidated Cash Flow Statement

of Messe Düsseldorf GmbH for the Business Year 2017

	2017	2016
	€ '000	€ '000
Consolidated net profit/loss for the year	54,699	57,811
Portions of profit/loss accruing to minority interests	337	1,027
Depreciation on tangible and intangible fixed assets	26,359	26,399
Write-downs on financial assets items	-883	768
Increase (+) / decrease (-) in accruals for pensions	-18,613	7,494
Other income and expenses without impact on cash-flow	2,838	14,802
Cash flow	64,737	108,301
Profits (-)/losses (+) due to the retirement of fixed assets items	1,047	1,608
Expenditure on/income from interest	3,997	5,666
Other income from participations	-4,000	-3,500
Expenditure on/income from tax on business profits	21,035	35,679
Tax on business profits paid	-26,423	-26,775
Increase (-) / decrease (+) in inventories, in trade receivables, and in other assets that are not attributable to investment or financial activities	3,555	388
Increase (+) / decrease (-) in payments received on account	-25,882	-7,225
Increase (+) / decrease (-) in trade payables and other liabilities that are not attributable to investment or financial activities	-8,272	-1,143
Inflow of funds due to regular business operations	29,794	112,999
Inflows due to retirements of tangible and intangible assets	820	106
Inflows due to retirements of financial assets	90	26
Outflows for capital expenditure on intangible assets	-3,218	-3,978
Outflows for capital expenditure on tangible assets	-27,692	-29,843
Outflows for capital expenditure on financial assets	-1,058	-56
Inflows due to retirements from the scope of consolidation	4,511	8,277
Outflows due to retirements from the scope of consolidation	-2,212	-10,097
Interest payments received	381	144
Dividends received	4,000	3,500
Outflow of funds due to capital investment	-24,378	-31,921
Dividend payments to shareholders	-17,000	-10,141
Outflows due to the redemption of financial loans	-30,000	0
Interest payments made	-3,759	-2,181
Outflows due to the redemption of other long-term liabilities	0	-4,470
Outflow of funds due to financing activities	-50,759	-16,792
Changes in cash and cash equivalents	-45,343	64,286
Cash and cash equivalents at the beginning of the accounting period	214,637	132,743
Changes in cash and cash equivalents due to the scope of consolidation	-333	21,757
Exchange-rate induced changes in cash and cash equivalents	-629	-4,149
Cash and cash equivalents at the end of the accounting period	168,332	214,637

Shareholdings

of Messe Düsseldorf GmbH

Company	Percentage of capital held in %	Equity 31.12.2017 € '000	Result 2017 € '000
Messe Düsseldorf North America Inc., Chicago/USA	100.0	6,776	1,572
ESNA Expo LLC., Delaware/USA	55.0 indirectly	2,006	-151
Messe Düsseldorf Japan Ltd., Tokyo/Japan	100.0	1,732	239
000 Messe Düsseldorf Moskau, Moscow/Russia	100.0	3,852	1,281
Messe Düsseldorf ASIA Pte. Ltd., Singapore	100.0	3,191	742
Messe Düsseldorf India Pvt. Ltd., New Dehli/India *	100.0	2,078	493
EXCOSA INDIA Pvt. Ltd., Bangalore/India *	50.0 indirectly	12	-1
FIXXUS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Rheinhalle Düsseldorf KG, Pullach	94.0	28	5
Messe Düsseldorf China Ltd., Hong Kong/China	100.0	26,379	3,570
Messe Düsseldorf (Shanghai) Co., Ltd., Shanghai/China	100.0 indirectly	4,603	-963
Messturm Düsseldorf Verwaltungsgesellschaft mbH, Düsseldorf	50.0	2,614	644
Düsseldorf Congress Sport & Event GmbH, Düsseldorf	50.0	2,237	378
German Exposition Corporation International GmbH, Berlin **	33.33	51,886	11,766

* Closing date 31.3.2017

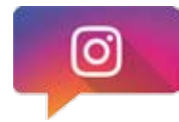
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Dialogue

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