

Annual Report 2018

The Messe Düsseldorf Group



Messe
Düsseldorf

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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 Matthias Dornscheidt	CEO, Chairman of the Managing Board	Düsseldorf
Dipl.-Betriebswirt Wolfram Nikolaus Diener	as from October 1, 2018	Düsseldorf
Dipl.-Kaufmann Hans Werner Reinhard		Düsseldorf
Joachim Schäfer, MICS, MCP	up to 31 August, 2018	Düsseldorf
Dipl.-Kaufmann Bernhard Johannes Stempfle		Düsseldorf

Supervisory Board

of Messe Düsseldorf GmbH

Supervisory Board of Messe Düsseldorf GmbH in 2018

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

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, Qualified Bank Officer, Messe Düsseldorf GmbH Employees' Representative

Karl-Uwe Bütof, Chief of Division in the Land of North Rhine-Westphalia's Ministry of Economic Affairs, 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 Economic Affairs, Innovation, Digitization and Energy

Ursula Holtmann-Schnieder, Lecturer in Family / Adult Education, Member of Düsseldorf City Council

Dipl.-Wirtschaftsjurist Karsten Houf (business law graduate), Senior Project Manager, Messe Düsseldorf GmbH Employees' Representative - as from January 2018

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

Dipl.-Sozialarbeiter Günter Karen-Jungen (graduate social worker), former Deputy Mayor and Member of Düsseldorf City Council

Manfred Kornfeld, Commercial Director of Industrieterreinen Düsseldorf-Reisholz AG

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

Dipl.-Volkswirt Manfred Neuenhaus, Member of Düsseldorf City Council - as from February 2018

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 - up to February 2018

Facts and Figures on the Performance

of Messe Düsseldorf GmbH

		2014	2015	2016	2017	2018
Total capacity*	m ²	305,400	304,800	304,800	291,580	291,580 [°]
Available hall space	m ²	262,400	261,800	261,800	248,580	248,580 [°]
Available open-air space	m ²	43,000	43,000	43,000	43,000	43,000
Space utilized*	m ² (gross)	2,294,836	1,624,789	2,247,486	1,858,831	1,618,357
Space rented out*	m ² (net)	1,315,625	891,438	1,308,304	1,162,415	948,782
Fairs and exhibitions*	Total	36	29	31	31	26
Self-organized events*		21	18	19	18	15
Partner/guest events		15	11	12	13	11
Total consolidated sales	(€ million)	411.5	302.0	442.8	366.9	294.0
Consolidated sales (Germany)	(€ million)	299.7	202.1	369.7	297.1	222.6
Consolidated sales (foreign)	(€ million)	111.8	99.9	73.1	64.8	71.4
Consolidated annual profit	(€ million)	57.7	10.3	58.8	55.0	24.3
Group workforce		1,200	1,207	932	831	831
Exhibitors*	Total	31,269	25,819	32,383	29,210	26,827
Exhibitors (German-based)		11,363	9,189	10,796	9,579	8,462
Exhibitors (foreign-based)		19,906	16,630	21,587	19,631	18,401
Visitors*	Total	1,399,024	1,084,121	1,591,424	1,344,548	1,125,187
Visitors from Germany		904,076	802,291	899,322	857,739	782,119
Visitors from abroad		494,948	281,830	692,102	486,809	342,878
Düsseldorf Congress Sport & Event GmbH						
Event days		331	314	308	303	277
Events		4,335	3,463	3,695	3,461	2,197
Participants		2,379,560	2,355,149	2,269,494	2,508,083	1,632,448

* 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.
[°] During the construction phase for the new South Entrance (since June 2017)

Events Organized

by Messe Düsseldorf GmbH in 2018

	Exhibitors German- based	Exhibitors foreign- based	Exhibitors Total	Net exhibition area m ²	Visitors Total	Visitors Of which foreign- based in %
BEAUTY with mads	479	152	631	23,486	67,788	11
boot DÜSSELDORF	839	1,093	1,932	103,361	247,319	21
CARAVAN SALON DÜSSELDORF	384	227	611	110,461	250,211	12
COMPAMED *	242	542	784	13,145		
ENERGY STORAGE EUROPE	112	58	170	2,335	4,379	36
EuroCIS	250	218	468	13,406	11,991	50
glasstec	314	961	1,275	66,881	42,603	72
MEDICA **	930	4,356	5,286	113,104	109,890	73
ProWein	985	5,887	6,872	73,348	60,560	54
REHACARE	420	548	968	33,206	50,612	25
SportsInnovation	27	20	47	0	939	20
TOP HAIR - Die Messe	140	68	208	7,693	37,353	8
TourNatur	186	98	284	4,075	42,529	2
Tube	309	933	1,242	52,404	29,838	67
VALVE WORLD EXPO	124	518	642	17,927	11,134	73
wire	302	1,140	1,442	65,065	42,248	67
Guest events	2,419	1,582	4,001	248,885	115,603	25
Sum total	8,462	18,401	26,863	948,782	1,124,997	31

* Number of visitors included in MEDICA visitor total
 ** Number of visitors includes COMPAMED

Balance Sheet

of Messe Düsseldorf GmbH at 31 December 2018

Assets	31.12.2018	31.12.2017
	€ '000	€ '000
Fixed assets		
Intangible assets		
Concessions, industrial and similar rights and assets, and licences in such rights and assets	8,426	8,942
Advance payments made	380	528
	8,806	9,470
Tangible assets		
Land, land rights and buildings, including buildings on third-party land	302,190	315,153
Other equipment, factory and office equipment	10,348	10,224
Advance payments made and assets under construction	85,537	31,969
	398,075	357,346
Financial assets		
Shares in affiliated enterprises	5,005	5,767
Participations	6,669	1,169
Other loans	5	7
	11,679	6,943
	418,560	373,759
Current assets		
Inventories		
Raw materials, auxiliary materials and supplies	73	90
Receivables and other assets		
Trade receivables	4,747	7,733
Receivables from shareholders	58	0
Receivables from affiliated companies	2,699	2,078
Receivables from enterprises in which participations are held	1,288	1,419
Other assets	25,221	8,187
	34,013	19,417
Cash-in-hand, bank balances and cheques	83,638	144,937
	117,724	164,446
Prepaid expenses	6,381	6,951
Sum total	542,665	545,154

Equity and liabilities	31.12.2018	31.12.2017
	€ '000	€ '000
Equity		
Subscribed capital	15,625	15,625
Capital reserves	111,398	111,398
Revenue reserves	120,000	120,000
Distributable profit	164,211	172,951
	411,234	419,974
Accruals		
Accruals for pensions and similar obligations	19,331	17,450
Tax accruals	4,687	8,848
Other accruals	33,060	35,104
	57,078	61,402
Liabilities		
Advance payments received in respect of orders	32,092	25,671
Trade payables	15,074	10,913
Payables to shareholders	0	65
Payables to affiliated enterprises	19,889	15,322
Other liabilities	7,298	11,807
(of which taxes: € 836k; previous year: € 706k)		
(of which relating to social security and similar obligations: € 0k; previous year: € 2k)		
	74,353	63,778
Sum total	542,665	545,154

Income Statement

of Messe Düsseldorf GmbH for the Period from 1 January to 31 December 2018

	31.12.2018	31.12.2017
	€ '000	€ '000
Sales	260,382	339,845
Own work capitalized	221	49
Other operating income	9,449	19,050
(including € 259k due to currency conversion; previous year: € 84k)		
Event-related expenses		
a) Cost of raw materials, auxiliary materials and supplies, and of purchased merchandise	7,661	8,476
b) Cost of purchased services	125,365	153,095
	133,026	161,571
Human resources		
a) Wages and salaries	44,772	44,909
b) Social security charges and costs of retirement pensions and other welfare benefits	13,015	12,678
(including € 5,743k for retirement pensions; previous year: € 5,047k)		
	57,787	57,587
Depreciation on intangible and tangible fixed assets	20,327	19,877
Other operating income	45,586	46,330
(including other taxes: € 1,746k; previous year: € 1,216k)		
(including € 19k due to currency conversion; previous year: € 466k)		
Income from participations	8,011	4,431
(including € 822k from affiliated enterprises; previous year: € 431k)		
Income from long-term loans	0	1
(including € 0k from affiliated enterprises; previous year: € 0k)		
Other interest and similar income	298	309
Write-downs on financial assets	762	0
Interest and similar expenses	1,768	1,077
(including € 210k from affiliated enterprises; previous year: € 0k)		
(including € 697k impact on interest due to the valuation of accruals; previous year: € 623k)		
Taxes on income and profits	3,845	20,073
Net income for the year	15,260	57,171
Profit brought forward from previous year	148,951	115,780
Distributable profit	164,211	172,951

Movements in the Fixed Assets

of Messe Düsseldorf GmbH in the 2018 Business Year

	Cost of acquisition/manufacture					Depreciation					Book values	
	Status at 1.1.2018 € '000	Additions € '000	Reclassi- fications € '000	Retire- ments € '000	Status at 31.12.2018 € '000	Status at 1.1.2018 € '000	Additions € '000	Reclassi- fications € '000	Retire- ments € '000	Status at 31.12.2018 € '000	Status at 31.12.2018 € '000	Status at 31.12.2017 € '000
Intangible assets												
Concessions, industrial and similar rights and assets, and licences in such rights and assets	46,931	1,464	416	111	48,700	37,989	2,393	0	108	40,274	8,426	8,942
Advance payments made	528	260	-408	0	380	0	0	0	0	0	380	528
	47,459	1,724	8	111	49,080	37,989	2,393	0	108	40,274	8,806	9,470
Tangible assets												
Land, land rights and buildings, including buildings on third-party land	795,431	610	390	249	796,182	480,278	13,800	0	86	493,992	302,190	315,153
Other equipment, factory and office equipment	42,117	3,723	680	2,972	43,548	31,893	4,134	0	2,827	33,200	10,348	10,224
Advance payments made and assets under construction	31,969	55,420	-1,078	774	85,537	0	0	0	0	0	85,537	31,969
	869,517	59,753	-8	3,995	925,267	512,171	17,934	0	2,913	527,192	398,075	357,346
Financial assets												
Shares in affiliated enterprises	12,164	0	0	0	12,164	6,397	762	0	0	7,159	5,005	5,767
Loans to affiliated enterprises	0	0	0	0	0	0	0	0	0	0	0	0
Participations	12,169	0	0	0	12,169	11,000	0	5,500	0	5,500	6,669	1,169
Loans to enterprises in which participations are held	0	0	0	0	0	0	0	0	0	0	0	0
Other loans	7	0	0	2	5	0	0	0	0	0	5	7
	24,340	0	0	2	24,338	17,397	762	5,500	0	12,659	11,679	6,943
Sum total	941,316	61,477	0	4,108	998,685	567,557	21,089	5,500	3,021	580,125	418,560	373,759

Explanatory Notes

to 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 are taken into consideration.

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 800 are written off fully in the year of acquisition and are simultaneously reported as a retirement in the fixed assets movements schedule. Based on an increase in the tax threshold for low-value items, in 2018 the ceiling for low-value assets was increased to EUR 800 for the first time.

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.

The values of inventories are assessed at the reporting date on the basis of the lower of acquisition or manufacturing cost or on that of the lower of stock exchange or market price.

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 of the balance-sheet date.

On the basis of a circular resolution dated July 2018, the shareholders passed a resolution to the effect that an amount of EUR 24,000k from the net income for 2017, totalling EUR 57,171k, be distributed with effect from 31 August 2018. The remaining net income for the year, amounting to EUR 33,171k, was carried forward to new account. The distributable profit figure at 31 December 2018 includes an amount totalling EUR 148,951k consisting of profit brought forward from previous years.

The asset-value of accruals for pensions is established on the basis of actuarial principles following the projected unit credit method (PUC method), and also applying the 2018 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 2018. For 2018, this interest rate was assumed to be 3.21 (previous year 3.68) 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: 2.2 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 low-est 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 9,572k (previous year: EUR 8,827k) 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 extensions to 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. As regards buildings, the items concerned mainly consist of subsequent purchasing costs in respect of Hall 10, the Stockumer

Höfe warehouse, and the renovation of the central cooling facility. The purchases in the field of operating and office equipment relate to the replacement of computer hardware as a result of the switchover to Windows 10 and to the new telephone system. Additions to facilities under construction primarily ensue from the construction of the new Exhibition Hall 1 and from planning costs relating to Hall 7 and Halls 15-17. The retirements in the sphere of tangible assets mainly result from retirements of plant and office equipment, computer hardware, the telephone system, and barriers together with automatic ticket vending and cash machines. The retirements in the sphere of facilities under construction relate to planning costs for building projects no longer carried out in this form.

The increase in financial assets is primarily attributable to the write-up of the investment book value of GEC German Exposition Corp. Int. GmbH. Due to the ongoing positive nature of the company's commercial prospects, the investment book value of GEC German Exposition Corp. Int. GmbH was written up by EUR 5,500k, thus taking this to a total of EUR 6,333k. In the financial year under review, the net carrying amount of the Company's stake in Messe Düsseldorf India Pvt. Ltd., New Delhi/India, was written down by the sum of EUR 762k.

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 188k (previous year: EUR 589k). Furthermore, the receivables from affiliated enterprises include other assets amounting to EUR 2,154k (previous year: EUR 1,817k).

The other assets include claims relating to value-added tax refunds amounting to EUR 3,556k (previous year: EUR 1,552k). Furthermore, there are also claims relating to refunds of trade tax (EUR 8,151k), corporation tax (EUR 5,535k), capital yield tax (EUR 2,097k), and the solidarity surcharge (EUR 115k). These claims for refunds will not legally arise until the Company submits its advance VAT and tax returns.

Accruals

The Company's pension obligations to former managerial staff and one current manager are fully covered by pension accruals. In the year under review, these obligations led to changes in pension accruals amounting to EUR 1,882k (pre-

vious year: EUR 1,554k) with a net impact on results. The difference ensuing from the application of the 10-year average interest rate compared to the 7-year rate results in a EUR 1,976k (previous year: EUR 1,759k) reduction in accruals for pensions.

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 changes:

	1.1.2018	Amount utilized	Amount written back	Additions	31.12.2018
	€ '000	€ '000	€ '000	€ '000	€ '000
1. Accruals for pensions and similar obligations	17,450	952	0	2,833	19,331
2. Tax accruals	8,848	5,073	0	912	4,687
3. Other accruals					
Risks associated with order processing					
Outstanding invoices	10,434	8,173	1,006	7,930	9,185
Human resources and the social sphere					
Accruals for staff bonuses	1,226	1,039	187	437	437
Accruals for vacations	2,044	2,044	0	1,922	1,922
Accruals for anniversaries	2,566	147	0	368	2,787
Accruals for management bonuses	638	638	0	678	678
Miscellaneous accruals	475	368	4	375	478
	6,949	4,236	191	3,780	6,302
Other accruals					
Impending losses	3,909	0	0	801	4,710
Fiscal risks in foreign countries	13,000	0	900	0	12,100
Annual financial statements costs	286	150	1	152	287
Miscellaneous accruals	526	0	50	0	476
	17,721	150	951	953	17,573
	35,104	12,559	2,148	12,663	33,060
	61,402	18,584	2,148	16,408	57,078

Liabilities

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 523k (previous year: EUR 160k). Furthermore, the

payables to affiliated enterprises include other payables amounting to EUR 15,004k (previous year: EUR 10,004k) deriving from cash pooling with Messe Düsseldorf China and other payables amounting to EUR 4,626k (previous year: EUR 4,626k) deriving from cash pooling with Messe Düsseldorf North America.

The Company's liabilities at 31.12.2018 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
Payments received on account	32,092	32,092	0	0
Trade payables	15,074	15,074	0	0
Payables to shareholders	0	0	0	0
Payables to affiliated enterprises	19,889	19,889	0	0
Other liabilities	7,298	4,547	1,942	809
	74,353	71,602	1,942	809

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
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	15,322	15,322	0	0
Other liabilities	11,807	8,843	1,805	1,159
	63,778	60,814	1,805	1,159

IV. Explanatory notes on the Income Statement

Sales

Business segment	2018	2017
	€ '000	€ '000
Events in Germany	217,827	289,123
Foreign events	32,150	33,355
Other revenues	10,405	17,367
	260,382	339,845

The sales revenue from abroad stems mainly from events in Russia, the People's Republic of China, and India. EUR 275k of sales (previous year: EUR 487k) is related to events of previous years.

Other operating income

Income not relating to the accounting period mainly consists of EUR 2,147k (previous year: EUR 11,808k) in the form of income deriving from write-backs of accruals. The non-operating items consist mainly of the GEC write-up amounting to EUR 5,500k (previous year: EUR 883k) and, in the amount of EUR 551k, of the collection of funds in the form of cheques from previous years that had not been cashed in. The EUR 76k income from the retirement of assets mainly ensues from the retirement of various vehicles.

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, workshop consumables, 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 2,038k (previous year: EUR 2,173k) is mainly due, to the amount of EUR 801k, to allocations to the accrual for impending losses and, to the amount of EUR 945k, to retirements of tangible fixed assets. These retirements of tangible fixed assets are mainly attributable to planning arrangements that were not carried out. The other taxes incurred in the business year concerned and shown as part of other operating expenses amount to EUR 1,746k (previous year: EUR 1,216k).

Income from participations

	2018	2017
	€ '000	€ '000
GEC – German Exposition Corporation International GmbH	7,000	4,000
Messturm Düsseldorf Verwaltungsgesellschaft mbH	822	431
Düsseldorf Congress GmbH	189	0
	8,011	4,431

Write-downs on financial assets

The write-downs on financial assets relate to Messe Düsseldorf India Pvt. Ltd., New Delhi/India.

Interest and similar expenditure

In addition to interest on interest rate swap transactions amounting to EUR 788k (previous year: EUR 390k), the item covers expenditure deriving from the compounding of interest on accruals in the amount of EUR 697k (previous year: EUR 623k). Expenditure on interest arising from cash pooling with affiliated companies amounts to EUR 210k (previous year: 0k).

Taxes on income and profits

The item mainly shows expenditure on corporation tax and the solidarity surcharge amounting to EUR 1,228k (previous year: EUR 10,420k), and also expenditure on trade tax amounting to EUR 1,705k (previous year: EUR 10,004k), in both cases for the business year under review. Furthermore, an amount of EUR 912k was allocated to accruals for tax risks relating to previous years.

Appropriation of profits

The management proposes that a EUR 14,100k portion of the net income for the year, totalling EUR 15,260k, be paid out as a dividend. The remaining sum amounting to EUR 1,160k should be carried forward to new account.

Report on post-balance sheet events

On 21 February 2019, the "Stockumer Höfe 1" warehouse located outside the actual exhibition grounds caught fire, in the course of which the eastern part of the Hall, covering an area of roughly 50x50 m, burnt down completely. No expense is to be anticipated for the Company as the loss incurred is covered by existing insurance policies.

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:

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

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

The company will be included in the consolidated financial statements for Düsseldorf, capital of North-Rhine Westphalia. This entry will not be disclosed.

Human resources

In addition to the four members of the management, on average 673 (previous year: 651) staff members were employed during the business year. The workforce is subdivided into 542 full-time employees (previous year: 521) and 131 part-time employees (previous year: 130). These numbers correspond to a staff of 602 (previous year: 596) calculated on a full-time basis. In addition, the casual staff and apprentices employed numbered on average 157 (previous year: 189) and 12 (previous year: 17), 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 Messeturm 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 29,236k (previous year: EUR 34,053k).

Further obligations amounting to EUR 860k (previous year: EUR 374k) stemmed from the leasing rates and guaranteed sales figures payable in future; in addition, there were commitments totalling EUR 23,720k (previous year: EUR 24,762k) based on rental agreements and leases. Other financial obliga-

tions thus totalled EUR 52,956k (previous year: EUR 60,059k) on the balance-sheet date, EUR 48,324k (previous year: EUR 54,575k) of this sum being obligations vis-a-vis affiliated enterprises.

On the balance-sheet date, the Company's purchase commitments totalled EUR 129,334k (previous year: EUR 137,096k).

On the balance-sheet date, guarantees amounting to EUR 399k 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.

Messe Düsseldorf GmbH grants its employees benefits under the occupational pension scheme; for this purpose, employees have been insured with the Rhenish Supplementary Pension Fund (RZVK), Cologne. The Fund's pension commitment covers old-age pensions, pensions for reduction in earnings capacity, and survivors' pensions for the insured persons' widows, widowers, and orphans. To the best of our current knowledge, the institutional assets of the public supplementary pension funds and the contributions system in its existing structure do not adequately or completely cover the existing pension commitments of the employers participating in the scheme. The cover shortage thus ensuing comes to a substantial sum - a financial obligation that will hit public employers hard in future. By way of exercising the option, provided for under commercial law, of reporting indirect pension obligations as a liability (Art. 28 para 1 EGHGB/Introductory Act to the German Commercial Code), in the business year under review, as in previous years, no accrual was set up. The Supplementary Pension Fund (RZVK) levy shown on the Income Statement under human resources expenses amounts to EUR 3,223k for the year under review (previous year: EUR 3,002k). The contribution levied amounts to 4.25 percent of the remuneration on which contributions are payable - EUR 38,546 (previous year: EUR 37,586). In addition, a 3.5 percent financial reorganization charge is also imposed. The contribution rate can be regarded as remaining constant. The level of the financial reorganization charge is likely to increase even further pending the establish-

ment of definitive capital cover for the supplementary pension system. At 31 December 2018, the possibility of a claim arising from the above contingent liabilities cannot be ruled out.

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 2018, Messe Düsseldorf GmbH had concluded a total of three (previous year: three) 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 4,137k (previous year: EUR 3,347k) 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 1,738k (previous year: EUR 1,799k). The remuneration paid to former members of the Managing Board and their surviving dependants amounted to EUR 952k (previous year: EUR 899k).

Under occupational pension schemes, in the business year under review, direct insurance contributions were incurred for Mr Stempfle, Mr Reinhard and Mr Diener, these amounting to EUR 104k, and EUR 29k, respectively.

In addition to this, expenditure was incurred for Messrs Dornscheidt and Schäfer due to allocations to pension accruals amounting to EUR 1,489k.

An accrual amounting to EUR 13,783k (previous year: EUR 11,156k) 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 90k (previous year: EUR 81k).

Combined Group and Company Management Report of Messe Düsseldorf GmbH

for the 2018 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.

Basic information

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 includes 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 organizers. At 31 December 2018, 14 companies in 7 countries belonged to the Messe Düsseldorf Group. The Group currently generates its highest foreign sales in Russia, China, and India.

Economic survey

Macroeconomic and sector-specific boundary conditions

After a highly promising start, in 2018 economic growth gradually cooled down. In particular, issues relating to a trade dispute between the USA and China, Brexit, or the budget dispute between the Italian government and the European Union weighed on the popular mood in the various national economies and brought about decreases in investment growth, exports, and private consumption. The more abrasive tone coming from the White House on the subject of trade fuelled uncertainty among globally-operating companies. Only the USA remained untouched by this trend. The US economy grew by about 3.0 percent. Here, the strongest impetus for growth came from private consumption, which benefited from the good state of affairs on the American

labour market. The growth of China's gross domestic product is set to undergo a slight reduction compared to the previous year. Future trends, not only in the Chinese economy, are closely dependent on the outcome of the trade dispute between the two nations.

2018 was a year characterized by crises in various emerging nations. The focus of attention was above all on Argentina and Turkey, but South Africa, Venezuela, Brazil, and Iran also provided for negative headlines. Experts see India having the most favourable growth forecast, with a figure of 7.5 percent. Here, the economy was stabilized by means of major economic reforms. Due to the ongoing economic sanctions and falling prices of raw materials, the experts perceive a slight reduction in Russia's economic dynamism.

The eurozone still saw economic growth of about 1.9 percent in the 2018 business year, but, according to the German economic experts, a significant slowdown down to 1.3 percent is on the cards for 2019. The chaotic course of Brexit and people's concern about Italy are two factors weighing down on business activity. At 1.5 percent, the growth rate of Germany's gross domestic product was even slightly below the above figure - this points to a significant slowdown compared to 2017. For the coming year, 2019, the German economic experts are expecting GDP growth of a mere 0.8 percent.

The 2018 exhibition year brought the German trade fair companies positive trends both as regards exhibitors and as regards exhibition space booked. Only the visitor figures were slightly below the levels of the predecessor events. In 2018 too, Messe Düsseldorf ranked among the German trade fair 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 2019 the industry is anticipating a slight increase in numbers of exhibitors and stable numbers of visitors compared to the respective predecessor events.

The Messe Düsseldorf Group's business performance

Sales and profitability situation

On the whole, comparability in terms of profitability is affected by the deconsolidation of Igedo Company GmbH & Co. KG, Düsseldorf, as of 30 September 2017.

The 2018 business year saw a decrease in the Group's sales revenues from EUR 366,884k to EUR 294,023k. If the previous year is adjusted to eliminate Igedo's sales revenue, consolidated sales exhibited a decrease of about EUR 66,331k, this being due to trade fair cycles.

87 percent of consolidated sales were generated by Messe Düsseldorf. The portion of consolidated sales attributable to the foreign subsidiaries increased by EUR 8,758k to EUR 39,252k. The bulk of these were generated in Russia and China.

Major items of other operating income ensued from the write-back of other accruals amounting to EUR 2,395k and from the write-up of the net carrying amount of the Company's stake in GEC amounting to EUR 5,500k. Due to trade fair cycles, event-related expenditure fell by EUR 25,271k. Compared to the previous year's figures - adjusted to account for Igedo - expenditure on human resources only increased by EUR 524k.

The Group's net earnings for the year after tax amounted to EUR 24,269k (previous year: EUR 55,036k). Factors having the effect of reducing profitability were the fact that the 2018 trade fair year was relatively weak due to trade fair cycles, the write-back of accruals and the GEC write-up.

Net asset position and financial situation

Compared with the previous year, the Messe Düsseldorf Group's total assets fell by a mere 0.4 percent to EUR 624,709k (previous year: EUR 626,978k). As in the past, the Group's net asset position is greatly influenced by the fixed assets figure (74.9 percent) and by the level of liquid assets (18.1 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 2018 dividend payout.

On the equity and liabilities side, Group equity decreased from EUR 476,824k to EUR 476,144k. This corresponds to an equity ratio of 76.2 percent (previous year: 76.1 percent). Short-term accruals decreased, mainly due to the reduction in tax accruals for the previous business year. Payments received on account exhibited a EUR 4,916k increase to EUR 37,606k.

The Group's financial situation was mainly affected by the construction of the new Hall 1 and by the 2018 dividend payout. Overall, the Group's cash and cash equivalents decreased, at 31 December 2018, by EUR 55,220k to a level of EUR 113,112k.

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

Liquidity

Messe Düsseldorf can draw on a credit line of EUR 7,500k, EUR 415k of which was being used as collateral at 31 December 2018. On the whole, the Company was in a position to settle its liabilities at all times.

The Group'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

2018 proved to be a successful exhibition year for Messe Düsseldorf GmbH. In the 2018 business year, the Company organized 26 events of its own, including guest events, on just below 1.0 million square metres of net hall space rented out, these events being attended by 26,827 exhibitors and more than 1.1 million visitors.

Various key international trade fairs drove the trend in sales. Alongside the annual MEDICA, ProWein, CARAVAN SALON DÜSSELDORF and boot DÜSSELDORF events, glasstec, wire and Tube 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 MEDICA with its 5,286 exhibitors and roughly 109,890 visitors, and boot DÜSSELDORF with 1,932 exhibitors and 247,319 visitors.

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

	2018	2017
Fairs and exhibitions:		
Own events	15	18
Guest events	11	13
Net hall space rented out	947,826 m ²	1,162,415 m ²
Number of exhibitors	26,827	29,210
Number of visitors	1,125,187	1,344,548

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 3.2 percent higher than those of the previous events, with net floor space rented out being similarly 2.5 percent up. The numbers of visitors too were 2.5 percent above those of the predecessor events.

In contrast to the situation as regards the Company's own events, a fairly weak picture was painted by the guest events: here, due to the reduced demand sustained by the guest event organizers, the figure for floor space rented out was below 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 73.6 (previous events: 72.3) percent, with that of foreign visitors coming to 31.0 percent (previous events:

29.3 percent). The largest percentages of foreign visitors were registered by the VALVE WORLD EXPO and MEDICA events (73.1 percent and 72.8 percent, respectively). The highest ratio of foreign exhibitors was registered by the ProWein trade fair (85.7 percent), followed by MEDICA (82.4 percent) and VALVE WORLD EXPO (80.7 percent).

As regards international trade fair business, Messe Düsseldorf GmbH can look back on a successful business year, organizing 31 events on commission and 20 self-organized events and participations. The bulk of these events were staged in Russia, China, and India.

In the year under review, sales totalling EUR 260,382k were generated. Compared to the previous year, this adds up to a EUR 79,463k drop in sales. The other operating income was mainly characterized by write-backs of accruals and the write-up of the GEC shareholding. Expenditure on human resources increased as a result of salary and wage increases resulting from collective bargaining agreements, this increase, however, being almost compensated for by the reduced staff bonuses. In line with this, event-related expenditure fell by EUR 28,545k. The Group's net earnings for the year after tax amounted to EUR 15,260k (previous year: EUR 57,171k). With due regard to the aforementioned effects, the reduction in profitability mainly resulted from the fact that the 2018 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 by 0.5 percent to EUR 542,665k (previous year: EUR 545,154k). 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. In contrast to this, there was a EUR 61,299k reduction in cash and cash equivalents.

On the equity and liabilities side, the Company's equity registered a EUR 8,740k decrease. The EUR 24,000k dividend payout can only partly be compensated for by the net profit for the year, amounting to EUR 15,260k, achieved by the

Company. The equity ratio decreased to 75.8 percent (previous year: 77.0 percent). If the proposal for appropriation of the 2018 profit, amounting to EUR 14,100k, is taken into account, this leads to a 2.7 percent reduction in the equity ratio. Messe Düsseldorf can draw on a credit line of EUR 7,500k, EUR 415k of which is being used as collateral. As a result of the 2019 trade fair year being stronger due to trade fair cycles, the receipts from payments made on account were EUR 6,421k higher than those of the previous year, this taking the figure to EUR 32,092k. In addition to accruals for pensions and tax accruals, the accruals - totalling EUR 57,078k - 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 61,299k, from EUR 144,937k to a level of EUR 83,638k. Messe Düsseldorf's financial situation was mainly affected by the construction of the new Hall 1 and by the dividend payout.

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 dividend payout and 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 2018. Under US-GAAP rules, subgroup consolidated financial statements have to be drawn up. While subgroup sales amounted to EUR 5,829k (previous year: EUR 5,425k), the company registered a EUR -102k loss for the year (previous year: net profit amounting to EUR 1,489k). The previous year's result had been characterized by the revelation of hidden reserves amounting to EUR 1,104k.

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 2018 business year saw sales increase to EUR 5,348k (previous year: EUR 5,293k), while net profit for the year improved by EUR 36k to EUR 778k (previous year: EUR 742k).

The purpose of 000 Messe Düsseldorf Moscow is to organize and stage trade fairs, exhibitions and similar events in Russia. In the year under review, the sales revenue of 000 Messe Düsseldorf Moscow increased to EUR 14,643k (previous year: EUR 8,407k). Simultaneously, the company returned an improved net profit for the year, amounting to EUR 3,015k (previous year: EUR 1,281k). This significant improvement in profitability mainly results from the purchase of the rights to CPM from Igedo as of 30 September 2017.

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 2018 Chinese trade fair year being a relatively strong one for cyclical reasons, the group's sales saw an increase from EUR 10,389k to EUR 14,110k. Accordingly, net profit for the year also increased - to EUR 5,974k (previous year: EUR 2,246k).

Business performance of the Group's national subsidiaries

Messe Düsseldorf's 50-percent subsidiary Düsseldorf Congress GmbH (previously: Düsseldorf Congress Sport & Event GmbH) provides services for congresses and other events, including events held in the CCD Congress Center, Düsseldorf, in the CCD Ost, and in the HORISUM complex (Messe Düsseldorf's exhibition halls). As of 1 August 2018, the Company divisions comprising live-entertainment/sports events, and including the Mitsubishi Electric HALLE, the MERKUR SPIEL ARENA, the ISS DOME and CASTELLO, Düsseldorf, were outsourced to D.LIVE GmbH & Co. KG, Düsseldorf. Hence, comparability with the previous year's figures is only feasible to a limited degree. Sales amounted to EUR 27,282k (previous year: EUR 45,590k), while the company returned a profit of EUR 310k for the year (previous year: EUR 378k).

Messeturm Düsseldorf Verwaltungsgesellschaft mbH is a 50-percent subsidiary of Messe Düsseldorf. The company rents out Messeturm A, of which it is the owner. It recorded revenues from rental income amounting to EUR 2,757k, the minor increase of EUR 39k reflecting the increase in energy costs. At EUR 626k, the company's annual result was slightly below the level of the previous year (previous year: EUR 644k).

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 9k (previous year: EUR 5k), while generating sales of EUR 4,686k (previous year: EUR 4,678k).

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 2018 business year, the Group employed a staff of 843 worldwide (previous year: 848) plus casual staff numbering 161 (previous year: 189). 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 scheme.

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 both 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 endeavoring

to take women into consideration as appropriate. Considering the work of the current management body and taking into account the female candidates that might be eligible, 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 the Management Board. 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 Board adopted a resolution laying down a 25 percent quota for women. At 31 December 2018, the proportion of women in the Supervisory Board was at a level of 24 percent, this figure being 26 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 dovetailed with Messe Düsseldorf's internal auditing 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 risk

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 2018:

Probability of materialization	Level of loss		
	Low	Relevant	Critical
Very high (75-100%)	-	1	-
High (50-75%)	-	2	-
Medium (25-50%)	-	-	-
Low (0-25%)	-	-	-

The risk identified as being relevant, with a very high probability of materialization, relates to the occupational pension scheme benefits provided by the Company to its employees. For this purpose, employees are insured with the Rhenish Supplementary Pension Fund (RZVK), Cologne. To the best of our current knowledge, the institutional assets of the public supplementary pension funds and the contributions system in its existing structure do not adequately or completely cover the existing pension commitments of the employers participating in the scheme. This shortfall in cover will lead to a future financial commitment on the part of Messe Düsseldorf.

The other two risks relate to a marketing and a human resources risk. The marketing risk concerns the Company's foreign markets. In the risk assessment, the risks that always exist in foreign markets, such as low exchange rates or tense political situations, have been compacted into a single risk relating to a foreign country. The level of loss pertaining to this risk in our foreign markets is intensified by the Group's subsidiaries. The second risk of relevance, and one that has a high probability of materialization, relates to the sufficiency of the Company's personnel resources and HR development. Considering the age structure of staff in several key functions, know-how transfer as part of the process of personnel replacement will have to be pursued at a minimum time lag and in a broadly diversified manner. Adequate measures have been introduced by the human resources department, acting in liaison with the various technical departments.

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 2018, Messe Düsseldorf GmbH had concluded a total of three (previous year: three) interest rate swap transactions designed to hedge against interest rate-related payment flow risks relating to variable-interest liabil-

ities 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 2018 €'000	2018 results €'000	Forecast for 2019 €'000
Sales	271,790	294,023	357,204
Net pre-tax profit for the year	-1,248	29,804	46,850
Capital expenditure on fixed assets*	111,614	76,434	108,411

*) Including repairs and maintenance

Due to the sound course of the trade fair year, Group sales revenue increased to EUR 294,023k compared to the 2018 forecast. At the same time, this improvement in sales was accomplished both at home and abroad. Messe Düsseldorf Moscow benefited from the takeover of the rights relating to CPM while Messe Düsseldorf China profited from the course of the 2018 business year - a successful one due to trade fair rotation. Furthermore, on the expenditure side, cost-conscious action limited the full use of the various project budgets, and this led to further improvement in the Group's result. In addition to the impact of the improved course of business, the positive result was additionally intensified by an unexpectedly high dividend payout from a company shareholding.

Messe Düsseldorf GmbH	Forecast for 2018 €'000	2018 results €'000	Forecast for 2019 €'000
Sales	254,631	260,382	326,000
Net pre-tax profit for the year	453	19,105	39,917
Capital expenditure on fixed assets*	109,895	76,177	107,555
Own events			
Net floor space rented out (m ²)	683,211	698,941	811,520
Numbers of exhibitors	21,544	22,815	25,365
Numbers of visitors	914,650	1,008,455	1,200,000

*) Including repairs and maintenance

The positive sales variances reported by Messe Düsseldorf GmbH were mainly attributable to the Company's own events, the positive effect on profitability exerted by the Company's own events being intensified by lower or deferred project costs. The results from participations, EUR 4.5 million higher than forecast, also improved the Company's pre-tax result.

In the 2019 trade fair year, the Messe Düsseldorf Group is expecting sales revenue of roughly EUR 357 million. With a scheduled number of 29 events in Düsseldorf alone, Messe Düsseldorf is anticipating total sales of EUR 326 million and a net pre-tax profit for the year of approximately EUR 40 million. It is above all the flagship trade fairs – K, ProWein, MEDICA, boot DÜSSELDORF, and CARAVAN SALON DÜSSELDORF - that will have a crucial impact on sales. Due to trade fair rotation, the year 2020 that follows is expected to be one that is even more intense in terms of events.

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 2018 annual result makes a contribution to the success of 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. 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 1,190 million by the year 2030. By the end of 2019, a good EUR 549 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.

40 events and participations are scheduled for 2019. Messe Düsseldorf is planning to strengthen its presence, especially in forward-looking markets such as India with a high growth potential.

Statement regarding compliance with the Company's public objective and the attainment of the corporate purpose established 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 2018

Assets	31.12.2018	31.12.2017
	€'000	€'000
Fixed assets		
Intangible assets		
Concessions, industrial and similar rights and assets and licences in such rights and assets	8,625	9,512
Advance payments made	380	527
	9,005	10,039
Tangible assets		
Land, land rights and buildings, including buildings on third-party land	354,429	373,116
Other equipment, factory and office equipment	10,917	10,785
Advance payments made and assets under construction	85,536	31,968
	450,882	415,869
Financial assets		
Shares in affiliated enterprises	519	869
Shares in associated enterprises	1,085	1,119
Participations	6,383	883
Other loans	4	6
	7,991	2,877
	467,878	428,785
Current assets		
Inventories		
Raw materials, auxiliary materials and supplies	102	127
Finished goods and merchandise	8	0
	110	127
Receivables and other assets		
Trade receivables	5,795	8,225
Receivables from affiliated enterprises	114	10
Receivables from associated enterprises	1,288	1,419
Receivables from shareholders	58	0
Other assets	27,464	12,113
	34,719	21,767
Cash-in-hand, bank balances	113,112	168,332
	147,941	190,226
Prepaid expenses	8,500	7,531
Deferred tax assets	390	435
	624,709	626,977

Equity and liabilities	31.12.2018	31.12.2017
	€'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	-348	-96
Adjusting item for minority interests	1,159	1,665
Distributable profit	260,217	260,139
	476,144	476,824
Accruals		
Accruals for pensions and similar obligations	19,331	17,450
Tax accruals	5,350	8,984
Other accruals	34,314	36,131
	58,995	62,565
Liabilities		
Liabilities to banks	11,133	9,498
Advance payments received in respect of orders	37,606	32,690
Trade payables	15,616	11,210
Payables to shareholders	0	65
Payables to affiliated enterprises	23	72
Other liabilities	24,973	33,725
(of which taxes: € 938k; previous year: € 1,125k)		
(of which relating to social security and similar obligations: € 0k; previous year: € 8k)		
	89,351	87,261
Deferred tax liabilities	219	327
	624,709	626,977

Consolidated Income Statement

of Messe Düsseldorf GmbH for the Period from 1 January to 31 December 2018

	31.12.2018	31.12.2017
	€ '000	€ '000
Sales	294,023	366,884
Own work capitalized	221	49
Other operating income	10,647	15,992
Event-related expenditure		
a) Cost of raw materials, auxiliary materials and supplies, and of purchased merchandise	7,661	8,482
b) Cost of purchased services	132,584	157,034
	140,245	165,516
Human resources expenses		
a) Wages and salaries	49,699	50,688
b) Social security charges and costs of retirement pensions and other welfare benefits (including € 5,743k for retirement pensions; previous year: € 5,054k)	14,364	14,116
	64,063	64,804
Depreciation on intangible and tangible fixed assets	26,646	26,358
Other operating expenses	46,032	50,368
Income from participations	7,000	4,000
Net income from shareholdings in associated enterprises	155	189
Income from long-term loans	0	1
Other interest and similar income	321	385
Write-downs on financial assets and investments classified as current assets	762	0
Interest and similar expenses	4,815	4,382
Taxes on income and profits	5,535	21,036
Consolidated net profit for the year	24,269	55,036
Portion of loss/profit accruing to minority interests	-191	-337
Profit brought forward from previous year	236,139	205,440
Distributable profit	260,217	260,139

Movements in the Consolidated Fixed Assets

of Messe Düsseldorf GmbH in the 2018 Business Year

	Cost of acquisition/manufacture					Depreciation					Book values			
	Status at 1.1.2018	Currency translation	Additions	Reclassifications	Retirements	Status at 31.12.2018	Status at 1.1.2018	Currency translation	Write-ups	Additions	Retirements	Status at 31.12.2018	Status at 31.12.2018	Status at 31.12.2017
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Intangible assets														
Concessions, industrial property rights and similar rights and assets and licences in such rights and assets	56,473	-5	1,466	416	111	58,239	46,961	-3	0	2,764	108	49,614	8,625	9,512
Goodwill	2,400	0	0	0	0	2,400	2,400	0	0	0	0	2,400	0	0
Advance payments made	527	0	261	-408	0	380	0	0	0	0	0	380	527	
Total intangible assets	59,400	-5	1,727	8	111	61,019	49,361	-3	0	2,764	108	52,014	9,005	10,039
Tangible assets														
Land, land rights and buildings, including buildings on third-party land	919,148	0	610	391	249	919,900	546,032	0	0	19,524	85	565,471	354,429	373,116
Other equipment, factory and office equipment	48,674	7	3,964	680	2,996	50,329	37,889	14	0	4,358	2,849	39,412	10,917	10,785
Advance payments made and assets under construction	31,968	0	55,421	-1,079	774	85,536	0	0	0	0	0	0	85,536	31,968
Total tangible fixed assets	999,790	7	59,995	-8	4,019	1,055,765	583,921	14	0	23,882	2,934	604,883	450,882	415,869
Financial assets														
Shares in affiliated enterprises	2,944	4	408	0	0	3,356	2,075	0	0	762	0	2,837	519	869
Shares in associated enterprises	1,119	0	155	0	189	1,085	0	0	0	0	0	0	1,085	1,119
Participations	11,883	0	0	0	0	11,883	11,000	0	5,500	0	0	5,500	6,383	883
Other loans	6	0	0	0	2	4	0	0	0	0	0	0	4	6
Total financial assets	15,952	4	563	0	191	16,329	13,075	0	5,500	762	0	19,337	7,991	2,877
Sum total	1,075,142	6	62,285	0	4,321	1,133,112	646,357	11	5,500	27,408	3,042	676,234	467,878	428,785

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 are taken into consideration.

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
- 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 296 subsection 2 HGB.

In a contract dated 3 July 2018, Messe Düsseldorf North America Inc. took over a 50 percent shareholding in MEDITECH in Bogotá/Colombia from Corporación de Ferias y Exposiciones S.A., Bogotá/Colombia. Based on the same contract, both of the contracting parties agreed to pursue the joint development of MEDITECH. In the business year under review, there were no further joint venture activities. MEDITECH is to be managed by a joint management body commencing in 2019. Pursuant to Section 296 subsection 2 HGB, the inclusion of the MEDITECH joint venture in the consolidated financial statements as a 50 percent shareholding has been waived.

Pursuant to Section 312 HGB, the shareholding in Düsseldorf Congress GmbH (formerly Düsseldorf Congress Sport & Event GmbH), Düsseldorf, has been included in the consolidated financial statements at equity. At 31 December 2018, the equity of Düsseldorf Congress GmbH totalled EUR 2,169k (previous year: EUR 2,237k), the company's balance-sheet value amounting to EUR 1,085k (previous year: EUR 1,119k).

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

Messeturm 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 2018, 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, sub-group as the latter company is the sole shareholder of Messe Düsseldorf (Shanghai).

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.

The company will be included in the consolidated financial statements for Düsseldorf, capital of North-Rhine Westphalia. This entry will not be disclosed.

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 enterprises.

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 800 are written off fully in the year of acquisition and are simultaneously reported as a retirement in the fixed assets movements schedule. In line with the increase in the tax threshold for low-value items, in 2018 the ceiling for low-value assets was increased from EUR 410 to EUR 800 for the first time.

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.

The values of inventories are assessed at the reporting date on the basis of the lower of acquisition or manufacturing cost or on that of the lower of stock exchange or market price.

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 and other assets with a remaining term of more than one year are discounted as of 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 2018 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 2018. For 2018, this interest rate was assumed to be 3.21 (previous year 3.68) 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: 2.2 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.

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. In the business year under review, the intangible rights relating to the food pex India, PacPro, and BulkPex events were subjected to an unscheduled write-down totalling EUR 299k due to the introduction of a new commission scheme.

The additions to tangible assets are predominantly attributable to additions to buildings and to facilities under construction. As regards buildings, the costs mainly consist of subsequent purchasing costs in respect of Hall 10, the Stockumer Höfe warehouse, and the renovation of the central cooling

facility. The purchases in the field of operating and office equipment relate to the replacement of computer hardware as a result of the switchover to Windows 10 and to the new telephone system. Additions to facilities under construction primarily ensue from the construction of the new Exhibition Hall 1 and from planning costs relating to Hall 7 and Halls 15-17. The retirements in the sphere of tangible assets mainly result from retirements of plant and office equipment, computer hardware, the telephone system, and barriers together with automatic ticket vending and cash machines. The retirements in the sphere of facilities under construction relate to planning costs for building projects no longer carried out in this form.

The increase in financial assets is primarily attributable to the write-up of the investment book value of GEC - German Exposition Corp. Int. GmbH. Due to the ongoing positive nature of the company's commercial prospects, the investment book value of GEC - German Exposition Corp. Int. GmbH was written up by EUR 5,500k, thus taking this to a total of EUR 6,383k. In the financial year under review, the net carrying amount of the Company's stake in Messe Düsseldorf India Pvt. Ltd., New Delhi/India, was written down by the sum of EUR 762k.

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 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

The trade receivables item contains no receivables with a remaining term exceeding one year.

The other assets item contains receivables amounting to EUR 80k (previous year: EUR 98k) with a remaining term

exceeding one year. The bulk of other assets consists of tax receivables. These claims for refunds will not legally arise until the Company submits its advance VAT and tax returns.

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. Trade receivables have been set off against trade payables, the latter amounting to EUR 123k (previous year: EUR 0k).

As in the previous year, the receivables from associated enterprises relate to trade receivables from the subsidiaries that are included in the consolidated financial statements at equity. As in the previous year, the receivables concerned have a remaining term amounting to less than one year.

Deferred tax assets

The deferred tax assets shown in the amount of EUR 390k (previous year: 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 pension obligations to former managerial staff and one current manager are fully covered by pension accruals. In the year under review, these obligations led to changes in pension accruals amounting to EUR 1,882k (previous year: EUR 1,554k), with a net impact on results. The difference ensuing from the application of the 10-year average interest rate compared to the 7-year rate results in a EUR 1,976k (previous year: EUR 1,759k) reduction in accruals for pensions.

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:

	1.1.2018	Amount utilized	Currency translation	Write-backs	Additions	31.12.2018
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
1. Accruals for pensions and similar commitments	17,450	952	0	0	2,833	19,331
2. Tax accruals	8,984	5,078	4	135	1,575	5,350
3. Other accruals						
<i>Risks associated with order processing</i>						
Outstanding invoices	10,652	8,173	6	1,231	8,157	9,411
<i>Human resources and the social sphere</i>						
Accruals for staff bonuses	1,226	1,226	0	0	437	437
Accruals for vacations	2,103	2,083	-5	0	1,963	1,978
Accruals for anniversaries	2,566	148	0	0	368	2,786
Accruals for management bonuses	759	716	-4	4	759	794
Miscellaneous accruals	537	181	3	191	378	546
	7,191	4,354	-6	195	3,905	6,541
<i>Other accruals</i>						
Impending losses	3,909	0	0	0	801	4,710
Fiscal risks in foreign countries	13,000	0	0	900	0	12,100
Annual financial statements costs	400	266	1	1	259	394
Miscellaneous accruals	979	431	1	69	679	1,158
	18,288	697	2	970	1,739	18,362
	36,131	13,224	2	2,396	13,801	34,314
	62,565	19,254	6	2,531	18,209	58,995

Liabilities

The Group's liabilities at 31.12.2018 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 yrs.
	€'000	€'000	€'000	€'000
Liabilities to banks	11,133	1,854	9,279	0
Payments received on account	37,606	37,569	37	0
Trade payables	15,616	15,616	0	0
Payables to shareholders	0	0	0	0
Payables to affiliated enterprises	23	23	0	0
Other liabilities	24,973	9,131	15,383	459
	89,351	64,193	24,699	459

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 yrs.
	€'000	€'000	€'000	€'000
Liabilities to banks	9,498	219	8,779	500
Payments received on account	32,691	32,608	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	33,725	16,448	16,423	854
	87,261	60,622	25,285	1,354

The payables to the previous year's shareholders mainly related to trade payables. As in the previous year, the payables to affiliated enterprises consisted solely of trade payables.

Deferred tax liabilities

The deferred tax liabilities shown in the amount of EUR 218k (previous year: EUR 327k) were due to consolidation measures carried out in compliance with Section 304 HGB. There were deferred tax liabilities totalling EUR 6,696k (previous year: EUR 6,973k) 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 Igedo Company GmbH & Co. KG, Düsseldorf, with effect from 30 September 2017, the previous year's Income Statement figures are only to a limited extent comparable to those of the business year under review. The main items in Igedo's income statement for the period from 1 January to 30 September 2017 were those covering sales revenues, amounting to EUR 6,530k, event-related expenditure amounting to EUR 6,200k, human resources expenditure amounting to EUR 1,265k, and other operating expenditure amounting to EUR 7,634k.

Sales revenue

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

Business segment	2018 € '000	2017 € '000
Own events	272,453	307,849
Guest events	14,289	16,066
Other events	7,281	42,969
	294,023	366,884
Region	2018 € '000	2017 € '000
Germany	222,620	297,081
Russia	31,230	33,276
China	20,622	14,847
Singapore	5,939	6,318
India	4,925	1,393
USA	4,117	4,620
Other countries	4,570	9,349
Total foreign sales	71,403	69,803
	294,023	366,884

EUR 275k of sales (previous year: EUR 487k) are related to events of previous years.

Other operating income

Income not relating to the accounting period mainly consists of EUR 2,395k in the form of income deriving from write-backs of accruals. The non-operating items consist mainly of exchange rate gains amounting to EUR 764k (previous year: EUR 242k), in the amount of EUR 551k of the collection of funds in the form of cheques from previous years that had not been cashed in, and of the GEC write-up amounting to EUR 5,500k.

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, auxiliary materials and supplies, 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 2,039k (previous year: EUR 4,809k) is mainly due, to the amount of EUR 946k, to retirements of tangible fixed assets and also to foreign exchange and share price losses amounting to EUR 305k (previous year: EUR 491k). The other taxes incurred in the business year concerned and shown as part of other operating expenses amounted to EUR 2,065k (previous year: EUR 1,535k).

Income from participations

As in the previous year, the income from participations relates to the out-payments of the GEC dividends.

Interest and similar expenditure

In addition to interest on interest rate swap transactions amounting to EUR 788k (previous year: EUR 390k), the item covers expenditure deriving from the compounding of interest on accruals in the amount of EUR 697k (previous year: EUR 623k).

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 111k (previous year: EUR 634k) and expenditure amounting to EUR 45k (previous year: EUR 276k).

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

	2018 € '000	2017 € '000
Expected expenditure on taxes on income and business profits	9,308	18,198
Foreign tax burden differing from the above	-2,154	-1,150
Tax-free income	-1,836	-2,677
Non-tax-effective income and expenditure	-234	5,712
Losses having no effect on taxation	0	2,190
One-off taxation effects	-567	0
Tax relating to earlier business years	912	-432
Other factors	106	-805
	-3,773	2,838
	5,535	21,036

Proposal for appropriation of the parent company's profits

The management proposes that a EUR 14,100k portion of the net income for the year, totalling EUR 15,260k, be paid out as a dividend. The remaining sum amounting to EUR 1,160k should be carried forward to new account.

Report on post-balance sheet events

On 21 February 2019, the "Stockumer Höfe 1" warehouse located outside the actual exhibition grounds caught fire, in the course of which the eastern part of the Hall, covering an area of roughly 50x50 m, burnt down completely. No expense is to be anticipated for the Company as the loss incurred is covered by existing insurance policies.

VI. Other disclosures

Human resources

In addition to the four members of the management, on average 831 (previous year: 831) staff members were employed during the business year. The workforce is subdivided into 694 full-time employees (previous year: 683) and 137 part-time employees (previous year: 148). In addition, the casual staff and apprentices employed numbered on average 161 (previous year: 189) and 12 (previous year: 17), respectively.

Other financial obligations and contingent liabilities

On the balance-sheet date, the Company's purchase commitments totalled EUR 129,516k (previous year: EUR 139,170k).

Further obligations amounting to EUR 8,018k (previous year: EUR 5,503k) stemmed from commitments relating to long-term rental agreements and leases.

On the balance-sheet date, guarantees amounting to EUR 399k (previous year: EUR 600k) 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.

Messe Düsseldorf GmbH grants its employees benefits under the occupational pension scheme; for this purpose, employees have been insured with the Rhenish Supplementary Pension Fund (RZVK), Cologne. The Fund's pension commitment covers old-age pensions, pensions for reduction in earnings capacity, and survivors' pensions for the insured persons' widows, widowers, and orphans. To the best of our current knowledge, the institutional assets of the public supplementary pension funds and the contributions system in its existing structure do not adequately or completely cover the existing pension commitments of the employers participating in the scheme. The cover shortage thus ensuing comes to a substantial sum - a financial obligation that will hit public employers hard in future. By way of exercising the option, provided for under commercial law, of reporting indirect pension obligations as a liability (Art. 28 para 1 EGHGB/Introductory Act to the German Commercial Code), in the business year under review, as in previous years, no accrual was set up. The Supplementary Pension Fund (RZVK) levy shown on the Income Statement under human resources expenses amounts to EUR 3,223k for the year under review (previous year: EUR 3,002k). The contribution levied amounts to 4.25 percent of the remuneration on which contributions are payable - EUR 38,546 (previous year: EUR 37,586). In addition, a 3.5 percent financial reorganization charge is also imposed. The contribution rate can be regarded as remaining constant. The level of the financial reorganization charge is likely to increase even further pending the establishment of definitive capital cover for the supplementary pension system. At 31 December 2018, the possibility of a claim arising from the above contingent liabilities cannot be ruled out.

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 2018, Messe Düsseldorf GmbH had concluded a total of three (previous year: three) 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, no valuation unit can be set up at the moment. For this reason, a EUR 4,137k (previous year: EUR 3,347k) 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 180k (previous year: EUR 136k), 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 136k (previous year: EUR 126k) was accounted for by auditing services, EUR 16k (previous year: EUR 10k) being attributable to other certification services, and EUR 28k (previous year: EUR 0k) being attributable to other consultancy 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 2018 Business Year

	Parent company				Parent company			Minority interests			Total
	Subscribed capital	Capital reserves	Other 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 31.12.2016	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
Carried forward to new account	-	-	-	-	-	-	-	240	-240	-	-
Consolidated net income for the year	-	-	-	-	-	24,078	24,078	-	191	191	24,269
Distribution of dividends	-	-	-	-	-24,000	-	-24,000	-697	-	-697	-24,697
Changes in the scope of consolidation	-	-	-	-	-	-	-	-	-	-	-
Currency translation differences	-	-	-	-252	-	-	-252	-	-	-	-252
Status at 31.12.2018	15,625	79,718	119,773	-349	123,630	136,588	474,985	968	191	1,159	476,144

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 2018

	2018	2017
	€ '000	€ '000
Consolidated net profit/loss for the year	24,078	54,699
Portions of profit/loss accruing to minority interests	191	337
Depreciation on tangible and intangible fixed assets	26,646	26,359
on financial assets	-4,893	-883
Increase (+) / decrease (-) in accruals	-4,267	-18,613
Other income and expenses without impact on cash flow	-217	2,838
Cash flow	41,538	64,737
Profits (-)/losses (+) due to the retirement of fixed assets items	870	1,047
Expenditure on/income from interest	4,494	3,997
Other income from participations	-7,000	-4,000
Expenditure on/income from tax on business profits	5,535	21,035
Tax on business profits paid	-23,677	-26,423
Increase (-) / decrease (+) in inventories, in trade receivables, and in other assets that are not attributable to investment or financial activities	10,484	3,555
Increase (+) / decrease (-) in payments received on account	4,916	-25,882
Increase (+) / decrease (-) in trade payables and other liabilities that are not attributable to investment or financial activities	-9,733	-8,272
Inflow of funds due to regular business operations	27,427	29,794
Inflows due to retirements of tangible and intangible assets	217	820
Inflows due to retirements of financial assets	191	90
Outflows due to capital expenditure on intangible assets	-1,726	-3,218
Outflows due to capital expenditure on tangible assets	-59,995	-27,692
Outflows due to capital expenditure on financial assets	-408	-1,058
Inflows due to retirements from the scope of consolidation	0	4,511
Outflows due to retirements from the scope of consolidation	0	-2,212
Interest payments received	312	381
Dividends received	7,000	4,000
Outflow of funds due to financing activities	-54,409	-24,378
Dividend payments to shareholders	-24,000	-17,000
Outflows due to the redemption of financial loans	0	-30,000
Interest payments made	-3,986	-3,759
Outflow of funds due to capital investment	-27,986	-50,759
Changes in cash and cash equivalents	-54,968	-45,343
Cash and cash equivalents at the beginning of the accounting period	168,332	214,637
Changes in liquid assets due to the scope of consolidation	0	-333
Changes in liquid assets due to the scope of consolidation and exchange rates	-252	-629
Cash and cash equivalents at the end of the accounting period	113,112	168,332

Shareholdings

of Messe Düsseldorf GmbH

Company	Percentage of capital held in %	Equity 31.12.2018 € '000	Result in 2018 € '000
Messe Düsseldorf North America Inc., Chicago/USA	100.0	7,106	8
ESNA Expo LLC., Delaware/USA	55.0 indirectly	1,894	19
Messe Düsseldorf Japan Ltd., Tokyo/Japan	100.0	1,879	-63
000 Messe Düsseldorf Moscow, Moscow/Russia	100.0	6,154	3,015
Messe Düsseldorf ASIA Pte. Ltd., Singapore	100.0	4,074	778
Messe Düsseldorf India Pvt. Ltd., New Dehli/India*	100.0	2,067	70
EXCOSA INDIA Pvt. Ltd., Bangalore/India*	50.0 indirectly	97	85
FIXXUS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Rheinhalle Düsseldorf KG, Pullach	94.0	37	9
Messe Düsseldorf China Ltd., Hong Kong/China	100.0	30,933	4,554
Messe Düsseldorf (Shanghai) Co., Ltd., Shanghai/China	100.0 indirectly	5,969	1,420
Messturm Düsseldorf Verwaltungsgesellschaft mbH, Düsseldorf	50.0	1,846	626
Düsseldorf Congress GmbH, Düsseldorf	50.0	2,169	310
GEC – German Exposition Corporation International GmbH, Berlin**	33.33	53,651	13,765

* Closing date 31.3.2018

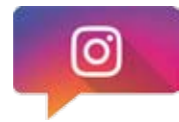
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