

2014

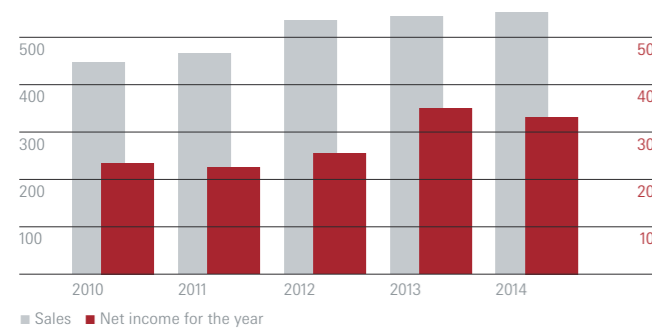
Annual Report

Directions



At a glance

Sales and net income for the year in € m



The Messe Frankfurt corporate group conceives, plans and hosts trade fairs and exhibitions in Germany and abroad. The parent company and its subsidiaries offer a well-coordinated service package for national and international customers, exhibitors and visitors.

Corporate group

in € m*	2010	2011	2012	2013	2014
Sales	448	467	537	545	554
Personnel expenses	102	106	120	123	131
Depreciation, amortisation and write-downs	59	59	61	56	52
Earnings before taxes on income	42	34	36	49	47
EBITDA	109	99	102	108	102
Pre-tax return on sales in %	9	7	7	9	9
Net income for the year	24	22	25	35	33
Additions to fixed assets	20	22	27	48	56
Equity	397	404	412	427	453
Total assets	875	832	834	820	863
Active employees (at 31.12. respectively)	1,629	1,725	1,833	1,999	2,130

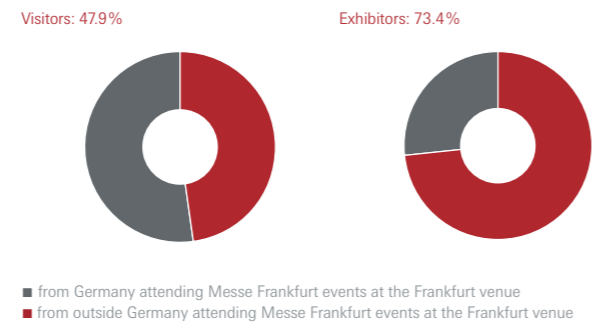
* except employees and return on sales

Shareholders: City of Frankfurt (60%), State of Hesse (40%)

Subscribed capital: City of Frankfurt €108 million, State of Hesse €72 million

Basic data	2010	2011	2012	2013	2014
Total area (m ²)	578,000	578,000	578,000	578,000	592,127
Available hall space (m ²)	355,678	355,678	355,678	355,678	366,637
Available open space (m ²)	96,078	96,078	96,078	96,078	96,078
Number of halls	10	10	10	10	10
Events in Germany					
Number of trade fairs and exhibitions	36	37	41	43	44
Exhibitors	42,386	38,184	44,066	40,786	41,828
Net area (m ²)	1,281,215	1,366,756	1,444,758	1,480,779	1,314,277
Visitors	1,474,301	2,307,067	1,634,205	2,268,884	1,557,581
Events outside Germany					
Number of trade fairs	51	63	68	70	77
Exhibitors	26,196	30,643	34,431	38,793	42,880
Net area (m ²)	572,538	713,636	791,785	935,148	1,060,630
Visitors	921,183	1,063,369	1,173,757	1,381,032	1,526,372
Total					
Number of trade fairs	87	100	109	113	121
Exhibitors	68,582	68,827	78,497	79,579	84,708
Net area (m ²)	1,853,753	2,080,392	2,236,543	2,415,927	2,374,907
Visitors	2,395,484	3,370,436	2,807,962	3,649,916	3,083,953

Level of internationality



Directions

Trade fairs bring together supply and demand under one roof. But the potential partners for mutual success aren't always just around the corner. The world may have become a global village – but that village is still pretty big and the distances are correspondingly far. Messe Frankfurt therefore provides international hubs where all the market players can come together and explore the options for a possible cooperation – whether just around the corner or at the other end of the world.

But how does the market function in Hattersheim, Johannesburg, Shanghai or on the World Wide Web? Messe Frankfurt has always been a forerunner of internationalisation and offers unrivalled expertise for everyone seeking new directions, exciting innovations and strong networks.

Directions

Messe Frankfurt is resolutely continuing in its chosen direction: stable business in Germany, a stronger global presence and strategic development of the portfolio and exhibition centre in Frankfurt have led to a new all-time sales record of € 554 million.

Sales of € 554 million, operating profit of € 47 million and net income after tax of € 33 million not only underscore the company's continued profitability, but also create the necessary financial leeway for further investments. This is important, because we aim to further expand our business over the next few years. Therefore we would like to take this opportunity to sincerely thank our more than 2,100 employees worldwide. Without their dedication, our past and future successes would not be possible. We also wish to thank our shareholders for their many years of constructive cooperation.

Messe Frankfurt has a good reputation: according to a Forsa survey about the image of companies in Frankfurt and the Rhine/Main region, Messe Frankfurt is popular – so popular in fact that it comes first, a long way ahead of the runner-up. To ensure that this remains the case, we initiated a number of innovations and new developments during the past business year: the Kap Europa congress centre was opened and awarded a certificate in Gold by the Deutsche Gesellschaft für Nachhaltiges Bauen e.V. (DGNB – German Sustainable Building Council). The new Operation & Security Center (OSC) went

into service in the summer. By concentrating all controlling, operational safety and site security in a single location, we have implemented a project that is the only one of its kind in the trade fair sector to date. The green light was also given for construction of a new Hall 12 on Messe Frankfurt's own grounds in Frankfurt as compensation for Hall 5, which is to be replaced by a new building over the next few years.

The activities at our Frankfurt venue were satisfactory: growth at our own events – for example Ambiente, Light + Building and Automechanika – and the development of new own event formats – such as Zukunft Lebensräume – promote the capacity utilisation of the exhibition grounds. Working closely together with the sector we will launch Formnext in the coming year, our own trade fair for tool making, mould making, design, product development and additive manufacturing technologies. The positive development of our guest event business also ensured a “full house”, as did congress and conference business, which developed extremely well in 2014: 138 events took place in total, with about 117,000 participants and attendees.



In the international arena we have driven our organic growth around the world through acquisitions, exporting of brands and new event formats. In South Africa and Guangzhou, respectively, we established a new subsidiary. In Asia, India in particular, the Middle East and Turkey, we recorded above-average growth.

The German Pavilion at Expo 2015 in Milan, which Messe Frankfurt was commissioned to organise and run on behalf of the German Federal Ministry for Economic Affairs and Energy, is an exciting project, the success of which will keep us busy through to the end of the Expo in October.

2014 can be summed up as follows: continued sales growth with sustained positive earnings – a trend that has remained constant over the past three years, independently of the rhythm of events –, in Germany stable business at a high level, foreign business on the up and up with concentration on certain regions and countries and strategic exhibition centre development. All this makes us feel very confident of achieving a new record sales total in the coming year.

In this year's Annual Report we invite you to join us on a journey – a journey around the (Messe Frankfurt) world. It starts at the exhibition centre in Frankfurt am Main, takes us from there into the region, to Africa and Asia, makes a brief side trip into the digital world, and then comes back home – thus closing the circle.

As is so often the case, more than one direction can lead to the same destination. For our customers and visitors, however, the destination is always Messe Frankfurt – whether to events in Frankfurt, in Germany or internationally.

Let us make the trip together!

We wish you
bon voyage

Wolfgang Marzin

Detlef Braun

Uwe Behm

Directions

6

Exhibition grounds

What does Messe Frankfurt look like behind the scenes? When no events are going on, the architecture takes centre stage and familiar places appear in a new and different light.

12

Hesse/Germany

Messe Frankfurt's home region is also home to many "hidden champions" – the unknown global market leaders of the region.

24

China/India/Middle East/Russia

A rather frequent form of communication is misunderstanding – a dictionary of business terms for Russia, the Middle and the Far East.

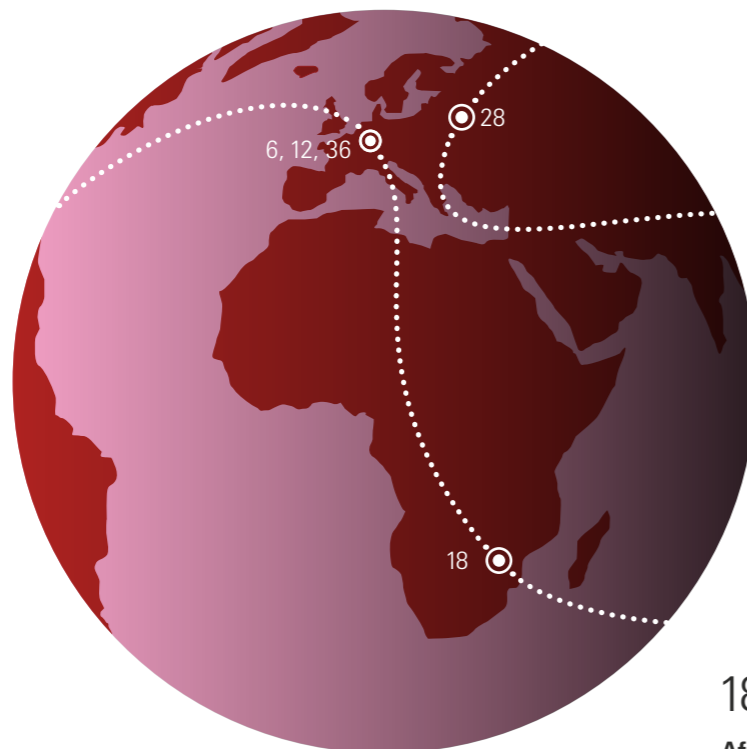


Scan QR code to view the Messe Frankfurt corporate video.

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Home venue

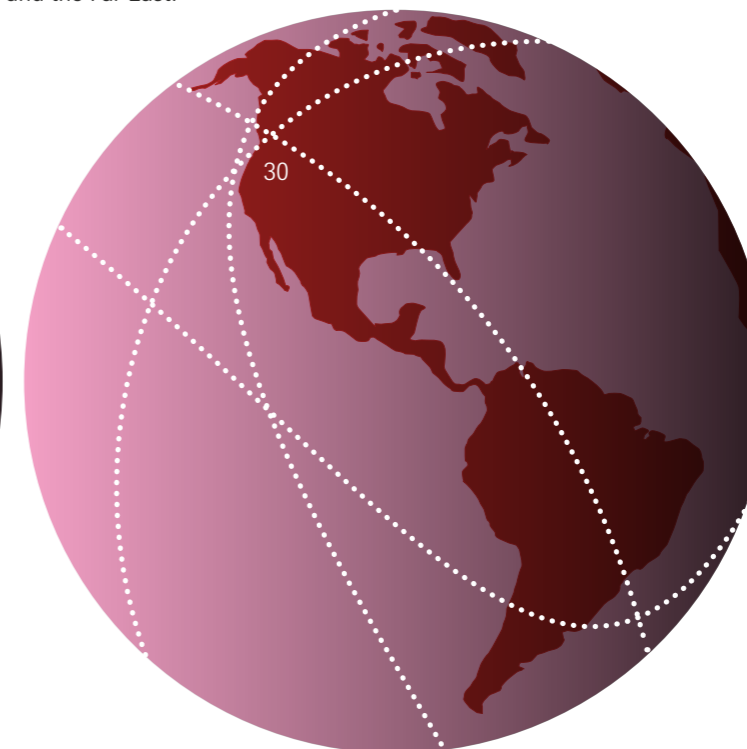
People come to Messe Frankfurt from many directions. Three people, three professions, three careers.



18

Africa

The image of the impoverished continent, dependent on the drip-feed of development aid, is long a thing of the past. Many African countries have become highly interesting trading partners. But to be successful in Africa, you need to know how.



30

World Wide Web

Why do some things speed through the Internet faster than others? Searching for clues on the World Wide Web.

Overall activities

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- 44 Technology & Production
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The digital version of the Messe Frankfurt Annual Report is also available online at:

annualreport.messefrankfurt.com

Annual report

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Backstage



Trade fairs are marketplaces, and markets are usually pretty busy places. But what does Messe Frankfurt look like behind the scenes? When no events are going on the architecture takes centre stage and familiar places appear in a new and different light.

0 km



Exhibition grounds

Award-winning North Gate

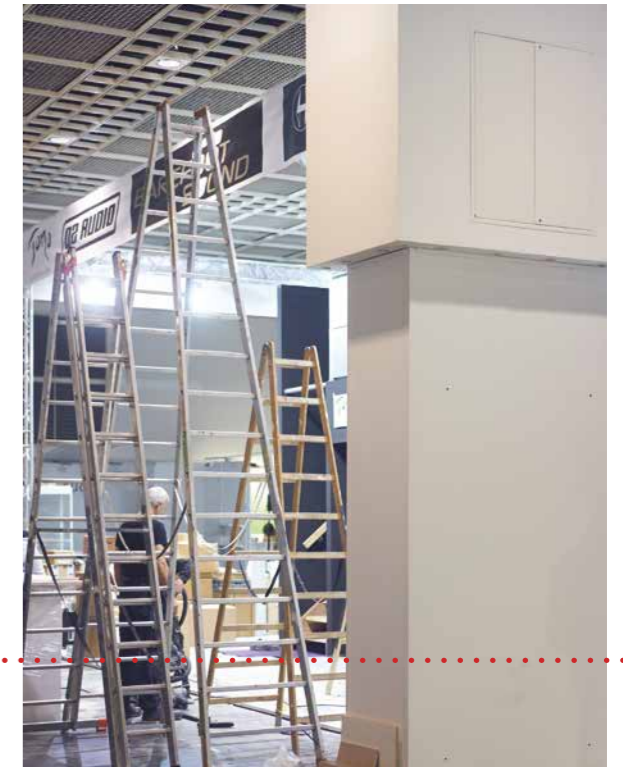
For his design of the roof over the North Entrance, architect Ingo Schrader was awarded the Special Prize of the Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB). "High recognition value," ran the laudation. The jury recognised the aesthetic qualities of the construction, which is built mostly from steel.



Green light for Hall 12

With the construction of the new Hall 12, a distinctive new area will come into being to the south-west of the exhibition grounds. The additional exhibition space gained will make up for the temporary lack of Halls 5 and 6, which are to be replaced and modernised respectively. The Aachen-based Kadawittfeldarchitektur office was awarded the contract within the scope of an international architectural competition.

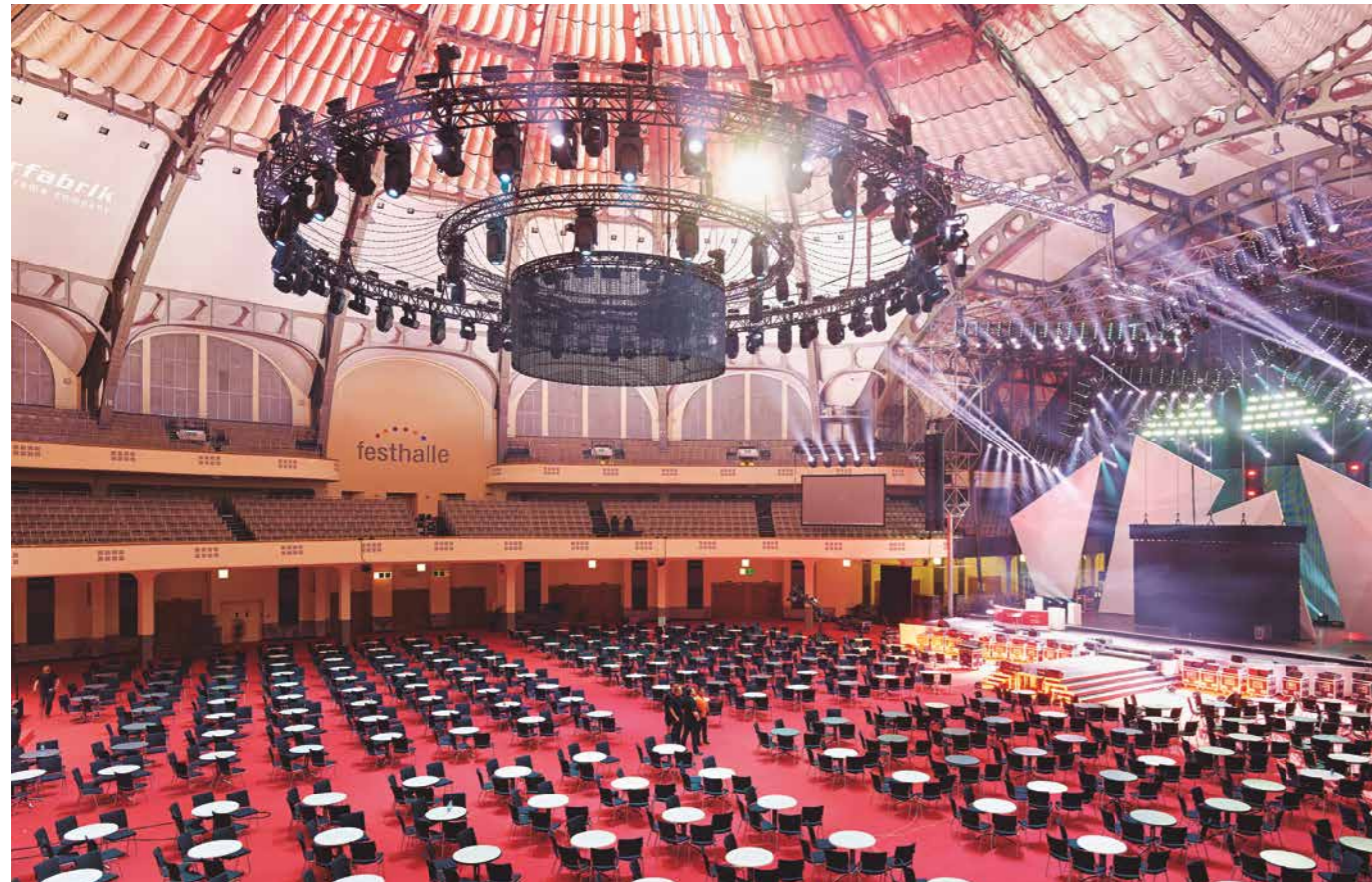
According to the panel of judges, the challenge lay in designing a building that will fit harmoniously with the neighbouring buildings while still making an independent architectural statement. Kadawittfeldarchitektur impressed the jury most with its expert integration of the various required functions into the design: a maximum amount of exhibition space in a compact building, uncomplicated visitor orientation through integration of the Via Mobile walkway system and the new South Entrance.



Architectural competition for the new face of Messe Frankfurt in the direction of the Europaviertel

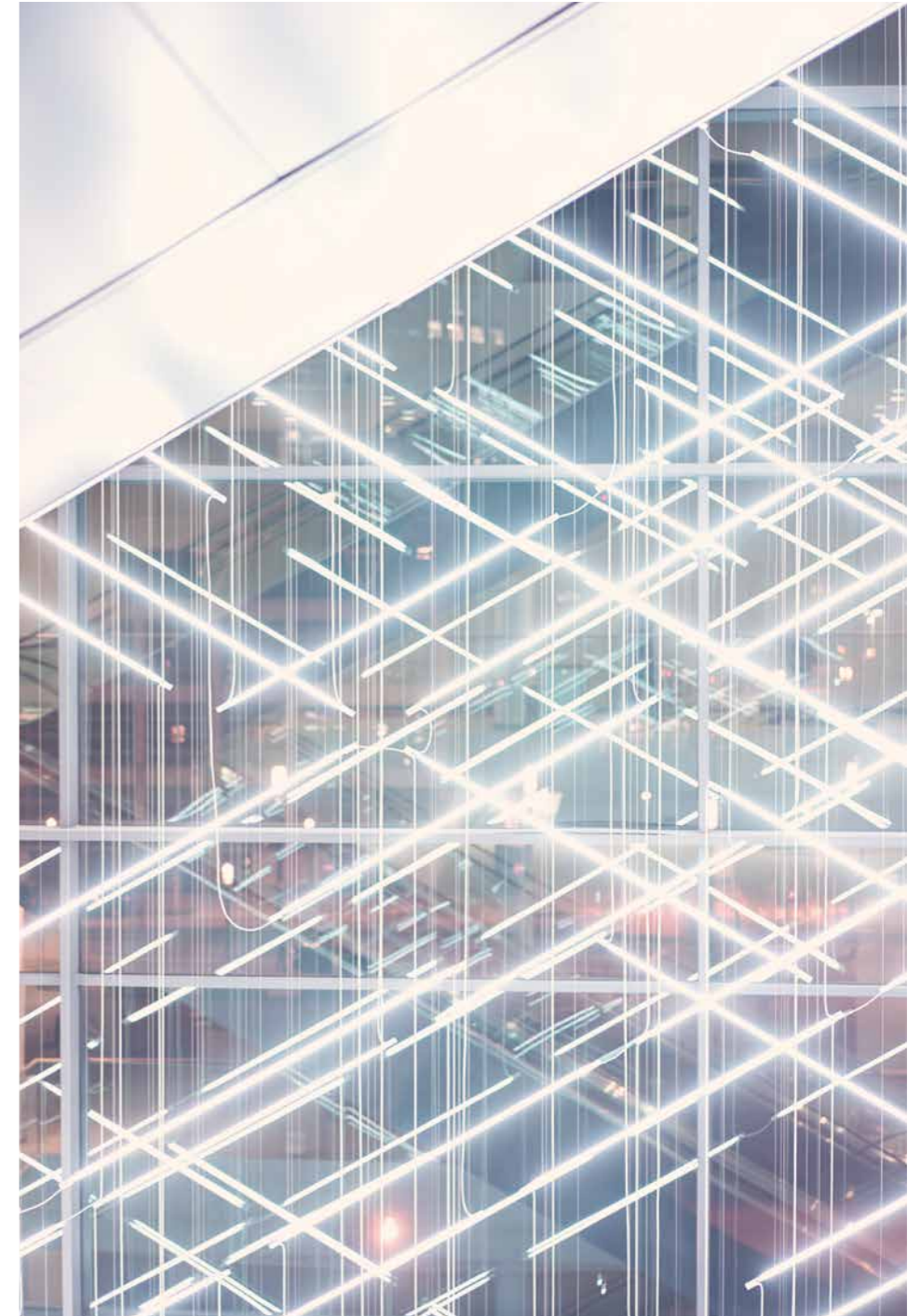
In future, Messe Frankfurt's exhibition grounds will present a more open face to the south in the direction of the Europaviertel than has been the case in the past. Messe Frankfurt had initiated an architectural competition which was won by the Frankfurt-based office Cyrus Moser Architekten.

The design among other things proposes a 100-metre high, slightly twisted office tower on a four-storey base that will integrate the new South Entrance. This will add yet another unique feature bordering directly on the exhibition grounds that fits perfectly with the overall Messe Frankfurt architectural landscape, both from an urban planning and an architectural perspective.



90

football pitches fit into the existing approximately 980,000 square metres of gross floor area on Messe Frankfurt's exhibition grounds. The unbuilt area of the exhibition grounds (excluding Rebstock and Kap Europa) is approx. 197,000 square metres, around 96,000 square metres of which is used as open-air exhibition space.



Opening of the new Operation & Security Center (OSC)

In September 2014, Messe Frankfurt's new Operation & Security Center opened its doors. On an area of 2,200 square metres on the south-west side of Hall 4, all safety-relevant departments (operational safety, police, fire service, paramedics and security service) are concentrated under one roof.

Each year, the OSC team is responsible for the safety and security of up to 3 million people at approx. 300 trade fairs, congresses and events. On average, the paramedic stations record 10,000 first-aid cases a year. The OSC controls 200 surveillance cameras and all building service engineering systems.

The unknown global leaders from Hanau, Hattersheim and Obertshausen



We all know that a sausage has two ends. But have you ever wondered how this came about? Have you ever asked yourself where the thumbtacks come from that you use to pin your shopping list to the pinboard? Who designed the roller coaster you couldn't prise your kids away from on your last visit to the funfair? Or perhaps you've got a Siamese fighting fish in your aquarium? If so, you're probably a customer of one of those so-called "hidden champions" – unknown global market leaders.

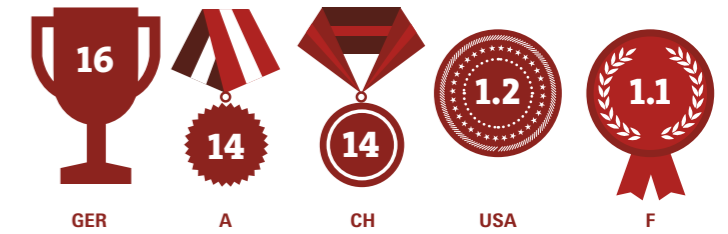


Hidden champions' percentage of Germany's export volume
 In 2014, German companies exported goods with a value of 1.1 trillion euros. A quarter of these exports are accounted for by largely unknown medium-sized global market leaders (hidden champions).

All these things have one factor in common: they are manufactured by small or medium-sized companies that hardly anyone has heard of, but that have become global market leaders in their specific niche.

Niches thrive best in small and medium-sized towns like Groß-Gerau or Herborn in the Lahn-Dill district of Hesse. But anyone who confuses this love of the provinces with provincial-mindedness couldn't be further off the mark. Because the founders' attachment to their local roots and their sense of family is in most cases closely tied in with the drive to take their business global from an early stage.

It's not the giant corporations that are responsible for Germany repeatedly ranking as the world's export champion. In the Fortune "Global 500" list of companies with the highest revenues, the US features four times as often as Germany. Japan and France also have more entries. Business consultant Hermann Simon's database of hidden champions, on the other hand, contains 2,734 companies, an amazing 1,307 of which are to be found in Germany.



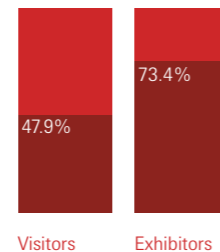
Hidden champions per million inhabitants
 For every million inhabitants in Germany there are 16 hidden champions. In France, this figure is 1.1 and in the US 1.2. In these countries the market tends to be largely characterised by big business. Only Switzerland and Austria achieve similar values to Germany, with 14 "hidden champions" per million inhabitants.

There are many reasons for this development, for example the historical fact that up until the end of the 19th century Germany was made up of many small states. In this environment, companies could only grow if they quickly "internationalised". What is striking is that some regions show a high concentration of hidden champions. For example, in Haiger in the state of Hesse there are seven hidden champions from different sectors of industry. Success is highly contagious, it seems.

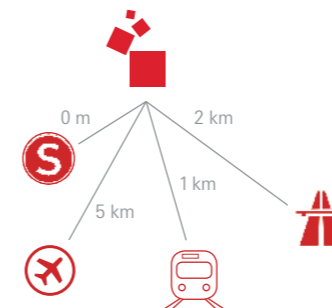
One company that illustrates why Messe Frankfurt's home region has proved to be such an excellent springboard to the world market is KARL MAYER. Long before Steve Jobs and Bill Gates invented the so-called "garage company" as a breeding ground for new ideas in California back in the 1970s, Karl Mayer founded his first company at his parents' home in the small Hessian town of Obertshausen. Today, the manufacturer of so-called warp knitting machines generates 94 percent of its revenue abroad. The company Poly-clip from Hattersheim am Main has a similarly high export ratio of 90 percent. Who would have thought that small metal clip closures could be the secret to becoming a global player? All examples have one thing in common: you just have to be able to do something special particularly well and the doors to the global market will be thrown wide open.

Messe Frankfurt → 0 km


 Exhibition grounds



Level of internationalisation at Messe Frankfurt's own events at the Frankfurt venue
 Over 70 percent of the exhibiting companies and around half of the visitors at Messe Frankfurt's own events come from outside Germany.

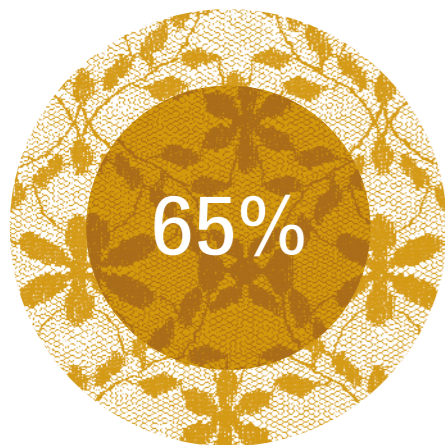


Trade fair visitors benefit from Frankfurt's good accessibility: with the nearby airport, a well-developed road network in the Rhine/Main region, the mainline railway station just around the corner and the public transport network.

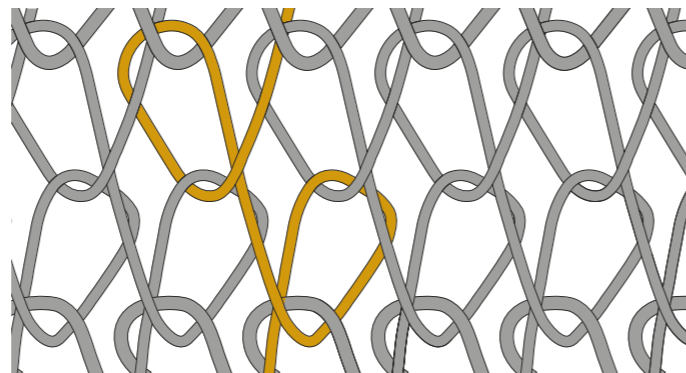
Accente
 The "green catering" concept has received a positive echo: numerous organisers in the meantime champion seasonal, regional and sustainable products. As catering partner to the Kap Europa congress centre, Accente Gastronomie Service GmbH, a Messe Frankfurt subsidiary, provides guests and visitors with food and beverages produced in the region.

KARL MAYER

Warp knitting machines / Obertshausen

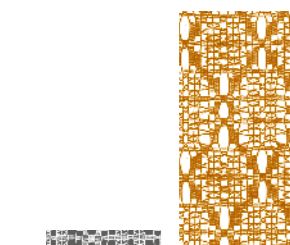


Global market share
Value, excluding LIBA



The product

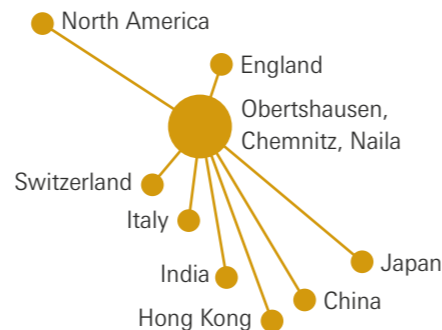
Warp knitting machines process thousands of yarns wound onto warp beams into all kinds of knitted fabrics. The product range of this flexible machinery includes lace, sportswear fabrics and home textiles, as well as carbon fibre-reinforced polymers for composites, used for example in wind turbine blades. Even cylindrical structures for use as artificial blood vessels can be knitted. KARL MAYER also develops the machines for producing warp beams for warp knitting and weaving.



Internationalisation
● Sales in Germany: 6%
● Foreign sales: 94%



Head office
Obertshausen, district of Offenbach
Population: 23,921



The direction: foresight and entrepreneurial courage

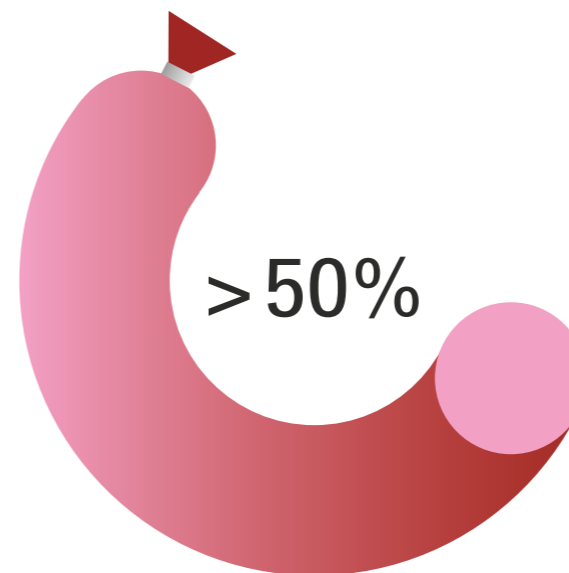
In 1937, Karl Mayer sets up a mechanical workshop for producing turned parts in his parents' house in Obertshausen. The company specialises in overhauling car engines. After the war, Karl Mayer feels that he needs to change direction. With the upcoming economic recovery, so his thinking, there will be less demand for overhauled engines because people will be buying new cars. In 1948, the first warp knitting machine leaves the workshop in Obertshausen. The company begins operating on the international market as early as 1955 and sets up the first foreign

subsidiary in Clifton, USA. In 1968, the company expands its operations to Asia and starts production in Japan. The business activities result in the founding of NIPPON MAYER Co. Ltd. in Fukui.

In 2010, KARL MAYER delivers its 100,000th machine. The most recent milestones in the company's history are the acquisition of LIBA Textilmaschinenfabrik GmbH in Naila in 2013 and the opening of a production site in the Indian textiles centre Ahmedabad in 2014.

Poly-clip System

Clip closures for meat products and other applications / Hattersheim am Main

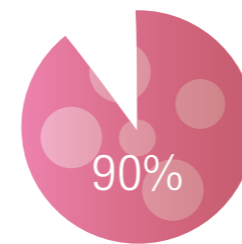


Global market share



The product

Whether Brazilian mortadella paio, Spanish morcilla or Ahle Wurst from North Hesse – in the majority of cases the clip at both ends of the sausage comes from Poly-clip System. The invention revolutionised global production and the sausages could be closed much faster and more hygienically. The technology and innovation leader's machines not only pack meat products, however, but also many other foodstuffs and products such as adhesives and sealants.



Internationalisation
● Export ratio: approx. 90%
● Global sales: > € 200 million



Head office
Hattersheim am Main
Population: 15,553



Worldwide locations
Poly-clip is represented with its own subsidiaries in 22 countries worldwide.

The direction

1922

Foundation of the "Oswald Niedecker Metallwarenfabrik oHG" in Frankfurt am Main. Tools are manufactured for the processing and forming of sheet metal.

1959

The idea of closing sausages with metal clips is born during a visit to the IFFA trade fair.

1972

The "Poly-clip" trademark is registered in 64 countries worldwide.

2010

Poly-clip System has been listed in the Lexicon of German Global Market Leaders since 2010. To date the company owns more than 800 patents, thus underscoring its technology leadership.

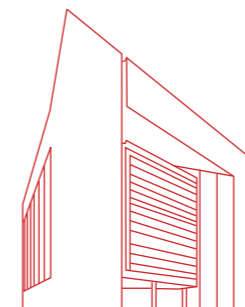
Messe Frankfurt → 0.25 km



Messe Frankfurt's window to the city: Kap Europa
2014 saw the inauguration of Messe Frankfurt's Kap Europa congress venue. In the immediate vicinity of the exhibition grounds, its central location offers short distances.

Thus plenty of additional exhibition space and the corresponding infrastructure to meet complex demands are available just 250 metres from the exhibition grounds.

Just in time for the opening, Kap Europa was awarded the certificate in Gold by the Deutsche Gesellschaft für Nachhaltiges Bauen e. V. (DGNB – German Sustainable Building Council). As the only building of its kind worldwide, the congress venue meets the highest sustainability standards in terms of construction and operation.



Over 60 events were held at Kap Europa in its inauguration year. The first highlight was the 2014 European election campaign launch of Hesse's CDU Party, attended by German Chancellor and CDU party leader Angela Merkel, ahead of the official opening ceremony.

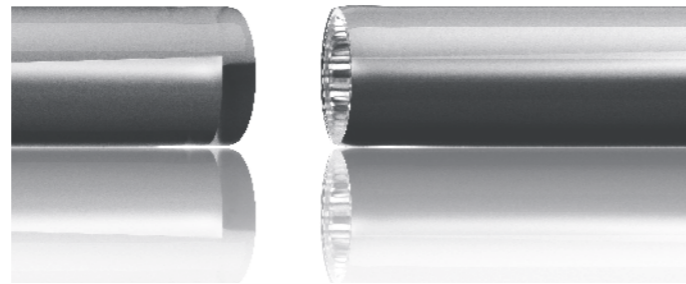
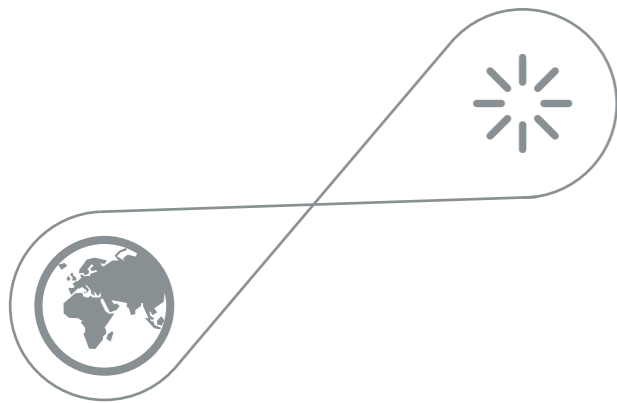
In 2014, Congress Frankfurt recorded a 75-percent increase over the previous year in terms of the total number of events.

2014 was a milestone in Messe Frankfurt's congress business.

Uwe Behm
Member of the Executive Board of Messe Frankfurt

Heraeus

Technology Group/Hanau

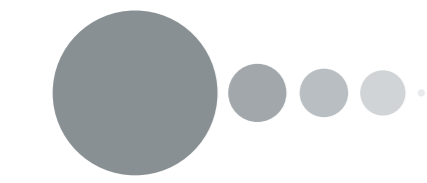


300 million kilometres of glass fibres

The demand for broadband capacity via the Internet is increasing constantly. In the meantime, over 300 million kilometres of glass fibres are laid worldwide per year. This is equivalent to the distance from the earth to the sun and back again.

The product

Optical glass fibres are made from quartz glass. Heraeus is the global market leader in the production of synthetic quartz glass preforms used for the manufacture of these optical fibres.



Internationalisation

- Sales Asia 50%
- Sales America 19%
- Sales Germany 14%
- Sales rest of Europe 15%
- Sales Africa/Australia 2%



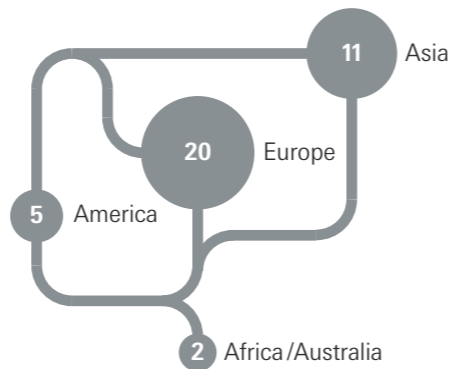
Head office
Hanau
Population: 92,902

Worldwide activities

Product revenue: € 3,356 million
Precious metal-trading revenue: € 12,233 million
Earnings (EBIT): € 188 million
Net income: € 134 million
5,350 patents and patent applications

Worldwide locations

Heraeus is present with 12,591 employees in 38 countries.

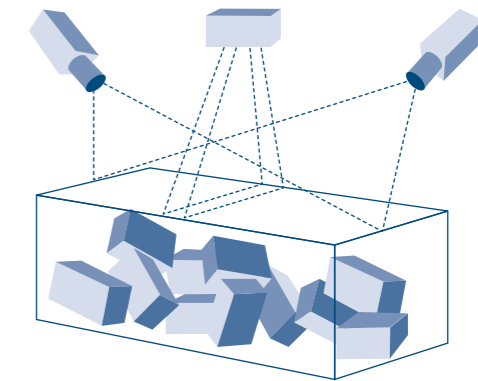
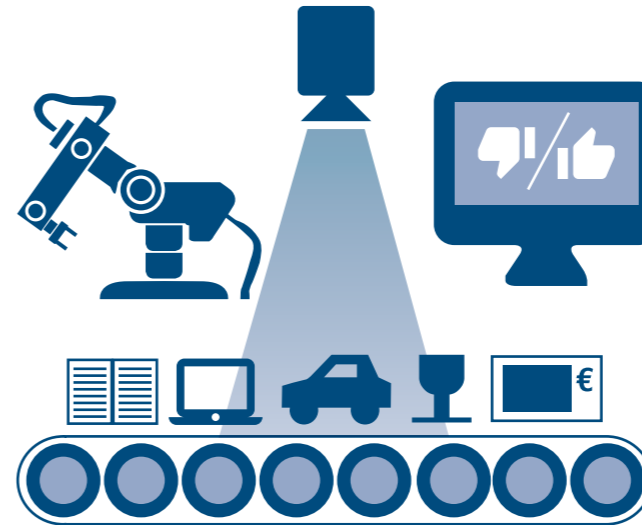


The direction: from pharmacy in Hanau to global corporation

Wilhelm Carl Heraeus took over his father's pharmacy in Hanau in 1851. He was the first to succeed in melting platinum in an oxyhydrogen gas flame and thus very much simplify the processing of this precious metal. The "first German platinum melting house" was born, and international success was not far off. Today, Heraeus combines material expertise with technology know-how and in doing so creates high-quality solutions for themes such as the environment, energy, health, mobility and industrial applications. The portfolio ranges from components to coordinated material systems which are used in a wide variety of industries, including the steel, electronics, chemical, automotive and telecommunications industries.

ISRA VISION

Visualising systems/Darmstadt

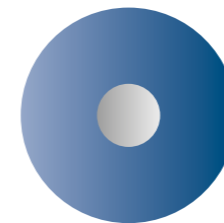


Global market leader

ISRA VISION AG is a globally leading company in surface inspection systems. The company is also one of the world's top providers in the area of industrial image processing (Machine Vision), specialising in 3D machine vision, in particular robot guidance, shape recognition and surface measurement.

The product

Machine Vision is a key technology for "visualising systems" that imitate the human eye. ISRA inspection systems are used for quality assurance in the industrial production of web materials. 3D machine vision systems are used for robot guidance in automated production.

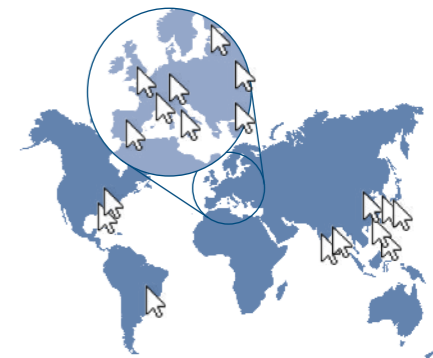


Export ratio

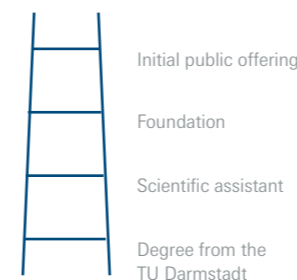
- Sales in Germany: € 23.2 million
- Sales outside Germany: € 79.2 million



Head office
Darmstadt
Population: 154,000



Worldwide locations



The direction

In the 1970s, Turkish student Enis Ersü decided to study electrical engineering at the TU Darmstadt in Germany. He developed a system for visualising objects on a computer based on the human eye. ISRA VISION developed as a spin-off from the Technische Universität Darmstadt in 1985. The company went public in 2000, creating the foundation for the present-day company, "ISRA VISION AG", a global leader in helping machines to see. Its so-called machine vision applications have become indispensable for maintaining competitiveness in industrial production.

Messe Frankfurt → 178 km

Regional consumer goods trade fairs

The "Consumer goods fairs regional" department has been created for the continued development of regional purchasing events in the consumer goods segment under the aegis of Messe Frankfurt. The newly created department bundles the appropriate human resources and takes charge of the further strategic development of the regional trade fair concept for the consumer goods business segment and its implementation.



Dortmund

Vivanti

Messe Frankfurt and Leipziger Messe, Germany's two most long-established exhibition companies, have decided to collaborate in future in North Rhine-Westphalia. From summer 2015, the two companies will jointly organise the regional consumer goods fair Vivanti. "With this decision, we are responding to a frequently expressed industry wish. The collaboration has the clear aim to establish a strong ordering platform for a strong region," explains Detlef Braun, Member of the Executive Board of Messe Frankfurt.

462 km



Hamburg

Nordstil

Nordstil is the regional order platform for retailers between Weser, Elbe, Harz and the Öresund. In cooperation with Hamburg Messe und Congress GmbH, Messe Frankfurt organises the regional order days in Hamburg in a twice yearly rhythm. With the first Nordstil event in January 2014, the cooperation partners fulfilled the high expectations of the industry.

20,000 visitors discovered exciting new products and concepts tailored to the needs of the trade at the re-structured and fully booked-up Nordstil in Hamburg.

Detlef Braun
Member of the Executive Board of Messe Frankfurt

WiFi with four-wheel drive, hacking it and umbrella people



Africa is a land of contradictions, but also a land of opportunity.

The image of the impoverished continent, dependent on the drip-feed of development aid, is long a thing of the past. Today, for example, Africa leads the world in the development of mobile payment systems. And many African countries have become highly interesting trading partners. But to be successful in Africa, you need to know how.

Messe Frankfurt → 9,500 km



Messe Frankfurt subsidiary in South Africa

Messe Frankfurt acquired a 56-percent majority stake in the South African trade fair organiser South African Show Services (SASS) in 2014. The new South African Shows Messe Frankfurt subsidiary (SAS MF) is based in Johannesburg.

The SAS MF portfolio includes trade fairs such as Automechanika Johannesburg, the Johannesburg International Motor Show, the AMiD Motorcycle Expo, the Johannesburg Boat Show and the SA Outdoor Lifestyle Show. Automechanika Johannesburg has been organised under licence by SASS since 2009.

1954

Messe Frankfurt has been active on the African continent for over 60 years. It was the first German trade fair company to open a representative office in Johannesburg. The group is represented all over Africa by its sales partners.



The district of Makoko in Lagos is constructed completely on stilts in the water. Even Makoko school is a floating construction that can change its location as needed. For this it received the AR+D Award for Emerging Architecture in 2013.

Good gherkin, bad gherkin

“The trouble is that we view the economy like pickled gherkins,” says Robert Neuwirth, pulling out a picture of a woman on a canal in Makoko, a suburb of Lagos built on stilts in the water. The woman in the picture is Ogun Dairo, and she has just lit a pile of damp wood shavings. The thick smoke is the basis of a business model that has fed her family of five for the past three decades. Ogun Dairo smokes fish. Without a licence, on a piece of land that doesn’t belong to her. Ogun Dairo buys the fish at the port of Lagos, smokes it for several hours, packs it in small crates and then sells it for a small profit at one of the chaotic street markets in the capital.

Robert Neuwirth is a journalist in New York and in fact wanted to write a feature on residential housing. But since far more people live in slums than in the converted lofts on the Riverside of Manhattan, one thing led to another and Neuwirth spent the next few years in Nigeria, Paraguay and China finding out more about this section of society. “In the Western world it’s like we’re sitting at the production line in a gherkin factory, expecting perfectly formed gherkins to go past us. If we discover a crooked one, we sort it out and remove it from the line. Our entire attention is directed at the economy of luxury. At the same time we often overlook the fact that the biggest market is to be found at the other, the bottom end of the pyramid,” Neuwirth adds.

Economists call this market, which is more like a crooked gherkin, the informal economy or underground economy. It’s the world of unregistered street vendors, “mom and pop shops”, illegal immigrants and bartering deals. The Organisation for Economic Cooperation and Development, OECD, estimates this parallel economic universe at 10 trillion US dollars worldwide. Taken together, this would be the second largest economy in the world after the US, employing 1.8 billion people. This is equivalent to around half of all the working people on the planet. Without a doubt – a significant part of these activities takes place on the edge or even beyond the bounds of legality. Nevertheless, many of the undertakings demonstrate enormous creativity and innovative capacity.

System D and hacking it

That’s why this other, informal economy also has another name: System D. The term was coined by the French during the colonial era. The “D” stands for “débrouillard”, which means as much as crafty, smart or versed in all the tricks of the trade. It describes the ability to solve a problem, especially in an adverse situation – fast, ingeniously and with unconventional resources. System D could be translated into English as “hacking it”, the ability to get the job done. The coinage by all means evokes a measure of admiration. For even if Ogun Dairo’s microenterprise isn’t entirely legal, on the other hand there’s no denying her strong entrepreneurial spirit and capability to make the best out of a situation.

Formal and informal economy can profit from one another. A number of leading consumer goods companies from Europe and the US, for instance, have long since discovered the potential and the chances inherent in cooperating with System D for themselves. In many areas of Africa they sell more household goods and foodstuffs through small street vendors than in the local supermarkets. Some products, such as the sausage 'Gala', can't be bought in any shop but only exclusively from the hawkers in Nigeria's metropolises.

Driver of modernisation and umbrella people

System D is not only a source of income for people at the lower end of the prosperity ladder, however. It is also a driver of modernisation that has enabled Africa to take the quantum leap into the mobile Internet age.

Akinwale Goodluck is Corporate Service Manager with the South African mobile provider Mobile Telephone Networks (MTN). MTN is active in 21 countries in Africa and the Middle East. The company has 206 million customers, the two most important markets alongside Iran being Nigeria and South Africa with 82 million mobile subscribers between them. Since 2000, Africa has been the world's fastest growing mobile telephony market.

When MTN first tried to gain a foothold in Nigeria, the continent's most populous country, in 2001 "our plan was to copy the mobile telephony business model we were familiar with from the UK. All traders were supposed to be officially registered with the chamber of commerce," Goodluck explains. It was intended to issue telephone cards with a value of 10, 20 and 40 US dollars that were only available in official MTN stores. "It soon dawned on us that this 'Rolls Royce marketing model' wouldn't work in practice."

The plan was a flop, MTN wrote off the loss and changed the strategy. Instead of selling expensive contracts, it would now offer call minutes "for cash" in any desired amount – starting at less than one US dollar. Street vendors were also given sun umbrellas featuring the MTN logo. The so-called "umbrella shops" were born and are to this day a cornerstone of MTN's success.

These kerb shops not only sell cheap telephones and prepaid cards, however. Anyone who goes to one of these stands can use a telephone for 30 cents a minute. Most of the vendors even have several phones from different providers, so that users can choose the network the person they want to call is with and like this have even cheaper phone calls.

Today, MTN is market leader in Nigeria with a 44 percent market share. In 2014, the company generated sales amounting to four billion euros. "The umbrella shops are a very, very important market for us. No provider these days can afford to ignore the sun umbrella people," Goodluck says.

The "app" continent

Africa has in the meantime become a "mobile" continent. Whereas in 2000 only 16.5 million people in Africa had a mobile phone, that figure had grown to 650 million by 2012. That's more than in Europe or the US. In many areas, economic and social life revolves around the mobile phone. The Kenyan app "iCow", for example, sends smallholders animal husbandry tips to their mobile as a text message. The "MFarm" platform provides farmers with current market prices in real time even to the remotest village. And the South African app "Workforce" is a mobile personnel planning system for construction sites that brings employers and workers together. On no other continent are there more online payment systems. As only very few people have a bank account, mobile telephony companies offer their customers mobile text payment systems. The mobile payment system "MPesa", for example, handles 43 percent of Kenya's economic output. The accompanying "M-Pepesa" app grants immediate loans of up to 170 euros per text message.

Such a wealth of mobile services is almost unique in the world. Without the umbrella shops and cheap phone calls, these transformations, triggered by mobile communication, would never have taken place.



Top: The team from BRCK tests the mobile WiFi router on a tour to Lake Turkana in Kenya. The device must be able to withstand the harsh climatic conditions in Africa.

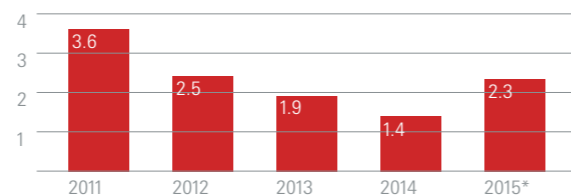
Right: The umbrella shops in Lagos sell prepaid telephone cards, telephone calls by the minute and ad-hoc loans. The widespread diffusion of mobile phones has unleashed enormous innovative potential in the area of mobile digital services.



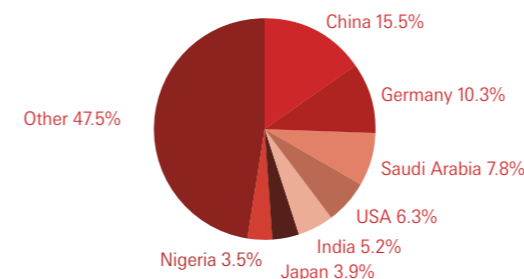
South Africa is the second largest economy on the African continent after Nigeria and the only African member of the G20. Major locational advantages in a regional comparison are the good infrastructure, a world-class financial sector and considerable raw material reserves.

Economic development in South Africa

Change compared to the previous year in percent / * Forecast



South Africa's trading partners



The African continent has a high degree of economic power and consequently offers considerable potential for international trade fairs.

Uwe Behm
Member of the Executive Board of Messe Frankfurt

WiFi with four-wheel drive

And this is where Erik Hersman comes into play. Hersman grew up in the Sudan and Kenya, where he currently lives. As a blogger, he is known far beyond Africa's borders. The founder of iHub, a community for creative developers in Kenya with more than 16,000 members, co-organiser of the "Maker Faire Africa", entrepreneur and visionary, is on a mission: he wants to help his homeland to leapfrog the phase of industrialisation altogether and propel it immediately into the era of digitalisation.

He describes the difference between Europe and Africa as follows: "Compared to Europe, life in Africa is full of discontinuities and surprising twists and turns. The products we produce here solve the tricky problems of daily life. They have to do this in the simplest way possible. Many European technologies are of no use here. They are too complex. Technical development in Europe is so dynamic that users move on very quickly to the next available innovation. There is always some new gadget, new software, new application. Consequently, the potential of existing technologies is often not fully exploited. In Africa we work with old technologies. What works here, works anywhere."

Like the Ushaidi website, for example. In Kisumu, "Ushaidi" essentially means "eye-witness". The platform was founded by Hersman and his colleagues during the civil unrest that broke out in Kenya following the presidential elections in 2007. With the help of a simple text message or email, citizens could post eye-witness reports about incidents and show their location with a Google Maps view. If outbreaks of violence ensued between rival groups, for example, Ushaidi made it possible to quickly generate a widespread public effect to better protect the victims and democracy in Kenya in general. Ushaidi.com was developed and put online by Erik Hersman, Juliana Rotich, Ory Okolloh and David Kobia in just a few days.

A subsequent analysis carried out by the John F. Kennedy School of Government at Harvard University showed that the information published by the crowd activists was quicker and more trustworthy than that of the established media. The website proved especially effective when it came to drawing public attention to incidents in remote areas. Based on simple technologies and conceived as open source mapping software, Ushaidi was soon adapted by other organisations around the world. The United

Nations used it, for example, to coordinate the various relief organisations during the disastrous earthquake in Haiti in 2011. Following the "Deepwater Horizon" oil platform accident in the Gulf of Mexico in 2010, Ushaidi was used to document the environmental damage caused, and the media group Al Jazeera avails itself of the platform for its journalistic work in various regions of the world.

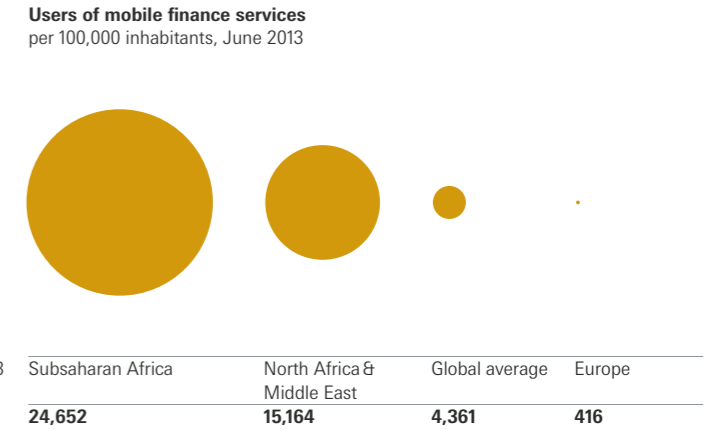
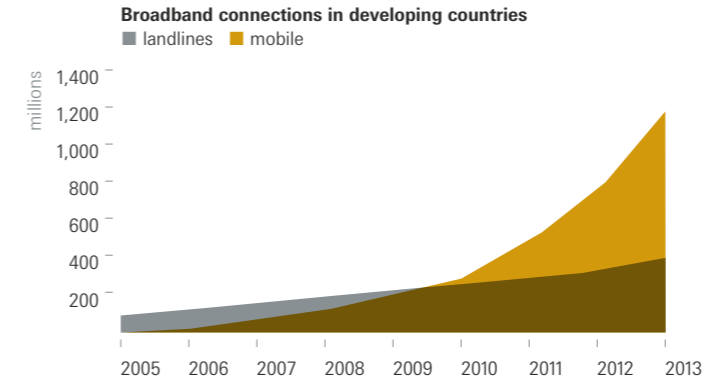
"The technology we drew on for Ushaidi was already four years old at the time. That's the sole reason why the concept functions in so many corners of the world. And for our latest project, BRCK, it's exactly the same. BRCK is a collection of old software, it's just that nobody has ever thought before of utilising this software in precisely this configuration."

BRCK is a mobile wireless network in the form of a small black brick. "The way we use the Internet is changing rapidly. Gone are the days when we only went online from our office computer. Now we have many different devices in use. Mobile connectivity has become the new standard. However, the conditions in London and New York are completely different than in Kenya or India. BRCK is the Internet for the extreme conditions we face here – a kind of WiFi with four-wheel drive. BRCK switches seamlessly between Ethernet, Edge, G4, G5 and other wireless networks, making it possible to provide a stable Internet connection for several devices at the same time. You can insert a SIM-card or use the integrated SIM-card. It has an antenna to enhance the signal and in the event of a power cut it can continue to run for at least eight hours on battery power."

New movers and old shakers

"Today we are observing a dramatic paradigm change: it has never been so easy for people in Africa to develop new things. In the past, high barriers blocked access to media or production methods. Nowadays, new technologies are turning many existing business models upside down. Young movers are in the process of upstaging old shakers because many established companies are still relying on the familiar systems continuing to function," says Erik Hersman when asked about Africa's future.

Two of these new movers, for example, are Andre Hugo and Warren Venter, who have just set up a mobile micro jobbing platform with the name Money for Jam – or M4JAM for short –



in South Africa. The unemployment rate in South Africa has been hovering around the 25-percent mark for six years now. On the other hand, there are almost 70 million active SIM-cards and 14 million smartphones. A mobile platform that brings these two extremes together is such an obvious idea that you can't help wondering why no one has come up with it before.

Registered M4JAM users – students, pensioners, street vendors or the unemployed – can earn cash by completing simple jobs using their mobile phones. M4JAM takes bigger jobs and divides them into smaller tasks that can easily be done by individual jobbers more or less in passing. For example: confirming the name of a restaurant for a city guide by taking a photo of the entrance. Or locating speed limits and street names for a digital maps provider. Or completing surveys for market research. But NGOs and public services can benefit from M4JAM, too. For example, jobbers have conducted surveys on AIDS prevention and mapped the addresses and opening hours of special AIDS clinics. Users earn 15 rand – about one euro – for every task they complete. With the average income in South Africa at around 530 euros a month, the microjobs offered through M4JAM empower people to earn respectable amounts of extra cash.

The business model is tailored to the needs in developing countries and completely redefines relations between brands

and consumers. Not least for this reason, WeChat, the Chinese version of WhatsApp, has joined M4JAM and integrated the service into its app.

M4JAM's strength is the clever combination of the official economy with South Africa's System D. It's like a kind of "labour market short-circuit" and offers companies the possibility to get the job done and engage informally with people they were previously unable to reach – a bit like with MTN and the sun umbrella people.

"Lagos is different from New York, Frankfurt or Shanghai, and that isn't going to change in the future either. What's more, 'Africa' as such doesn't exist. The continent is characterised by greater disparities and contradictions than either Europe or North America. The different countries have to find their own, individual models. The question, however, will be whether African societies want to continue with a widely irresponsible economic model in which the wealth of the continent is simply seeping away, or whether Africa will discover its true resources: the people and their extraordinary entrepreneurial spirit," Robert Neuwirth concludes. "If these countries empower the poorest sections of their population to form a large middle class by leveraging the possibilities offered by System D, Africa will have a great future ahead."



M4JAM is Messe Frankfurt pitch winner
The start-up M4JAM prevailed among 100 entrants in a competition for new pioneering mobile business models initiated by Messe Frankfurt and the South African Mobile Marketing Association. The microjobber platform mediates mini jobs to students, the unemployed, pensioners and freelancers.

M4JAM presented itself in the start-up area at Mobikon in Frankfurt in May 2015.



Automechanika Johannesburg
Africa is rated as one of the fastest growing economic regions. Automechanika Johannesburg offers exhibitors and visitors the right platform for fostering business relations on the African market.

Exhibitors (international/regional)

2013	643 (467/176)
2011	547 (383/164)
2009	412 (242/170)



Visitors (international/regional)

2013	13,058 (2,328/10,730)
2011	9,545 (538/9,007)
2009	8,200 (730/7,470)



Exhibition space

2013	20,000 m²
2011	18,500 m²
2009	18,500 m²

[Chao Gupiao]

Little rich who stir-fry shares



According to Chinese lore, increasing your money on the stock exchange is as simple as preparing a wok dish: just throw everything in on a high heat, stir it around a couple of times – done! The share is stir-fried [Chao Gupiao]. If successful, you're a little rich [Xiao Kang], as the members of China's new middle class call themselves.

20,175 km



Subsidiary in Guangzhou

With the foundation of Guangzhou Li Tong Messe Frankfurt Co. Ltd., Messe Frankfurt has once again strengthened its presence in China. The new subsidiary is a joint venture between Messe Frankfurt (H.K.) Ltd., Messe Frankfurt's subsidiary in Hong Kong, and the Chinese industry association Guangdong Toy Association (GDTA).

Guangzhou Li Tong Messe Frankfurt Co. Ltd. is currently organising two established trade fairs, Toy & Hobby China and Baby & Stroller China, in Guangzhou.

Initial successes

The collaboration between MESAGO Messe Frankfurt and Guangzhou Guangya Messe Frankfurt Co. Ltd. has gained wide acceptance in the market: 30 percent of the exhibitors at PCIM Asia attended for the first time in 2014.



Messe Frankfurt is now represented across Asia

In addition to the head office in Hong Kong, Messe Frankfurt (H.K.) Ltd. also has offices in Shanghai, Beijing and Shenzhen. The company is also present in Taiwan (Taipei).

The foundation of our new subsidiary in Guangzhou is another strategic cornerstone for expanding our market shares in the Chinese economic area.

Wolfgang Marzin
President and CEO of Messe Frankfurt

[Pinyin tiě fàn wǎn]

How the iron rice bowl disappeared



The "iron rice bowl" refers to a lifelong job with guaranteed job security, as well as steady income and benefits. However, with the abolition of a centrally planned economy in China, the iron rice bowl has all but disappeared, or become empty. Nowadays, you can find rice bowls (jobs) everywhere, but you can just as easily lose them again (dismissal). The few remaining iron rice bowls are accordingly coveted.

The most frequent form of communication is misunderstanding. This claim by Austrian-American sociologist Paul Watzlawick describes in a lapidary manner the drama that unfolds in many families and at workplaces on a daily basis. But that's not all: misunderstanding has become a constant companion of modern life in a globalised world. As we grow closer together, our world is supposedly becoming smaller. But this does not mean we understand each other better. Quite the contrary: thanks to globally networked business, we are confronted with cultural differences more than ever before.

How is this supposed to work? Take a country like India: with 1.25 billion inhabitants, four world religions, six climate zones and 22 official languages, finding their bearings is a challenge even for Indians – a challenge they embrace with a firm belief in the existence of a higher power and in destiny. Not without reason is the Hindu goddess of fortune, Lakshmi, also responsible for wealth, which in turn links the Indians with many Russians and the idea of *Khalyava*. In Western Europe, on the other hand, we are all the architect of our own fortune.

For all the differences, our ties with other countries are growing ever closer. In 2014 for example, 38 Chinese companies made investments in medium-sized German companies. That is ten acquisitions more than in the previous year and more than in any other European country. Yet, contrary to common belief, Chinese partners are not just looking to buy in cheap know-how; they are seeking to establish long-term partnerships, as business consultant Yi Sun from Ernst & Young reports. So shares are *stir-fried hot and fast*, but ties to Europe are forged with a long-term and strategic perspective.

The foundation for enhancing understanding and celebrating shared successes is personal relationships *Wasta*. This is one thing that probably all cultures have in common. Because the best way to overcome misunderstanding is through one-to-one dialogue. So if a Persian business partner offers you his merchandise for free, that doesn't mean it is damaged or inferior – it is quite simply *Taarof*, a particularly polite invitation to enter into hard negotiations and name a price.

[Jugaad]

The art of bending the rules (and much more besides)



Jugaad is a colloquial Hindi-Urdu word that can mean an innovative fix to a problem. Jugaad expresses the need to do what has to be done, without regard to what is conventionally supposed to be possible. Regarded from the outside, Jugaads may appear crude and amateurish. With closer examination, however, they demonstrate high practical intelligence. Typical examples are eccentric, improvised means of transport, built from anything that happens to be to hand. In the meantime, there's almost nothing that doesn't have a Jugaad equivalent: Jugaad computers, Jugaad finance products and even Jugaad politicians. Jugaads are characterised by their frugality and economic use of meagre resources. This makes the concept very popular in the research and development departments of global companies in the search for intelligent innovations for markets at the lower end of the pyramid.

24,379 km



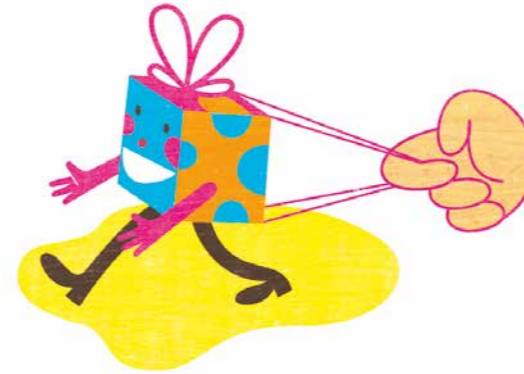
Mumbai

14

Trade fair boom in India: LED Expo, Media Expo and for the first time Ambiente on the subcontinent
In 2014, Messe Frankfurt Trade Fairs India Pvt. Ltd. in Mumbai organised the first Indian version of Ambiente, the most important international trade fair in the consumer goods segment. The company also acquired the two trade fair families LED Expo and Media Expo, which between them make up five trade fair dates. This brings the total number of events organised by the Messe Frankfurt group in India to 14.

[Taarof]

The art of excessive politeness



Taarof is a Persian form of civility for politeness and mutual respect. But Taarof can also be a strategic instrument in negotiations, where it often leads to misunderstandings. So, if someone insists that you should accept something as a gift, that does not necessarily mean you should actually take it.

[Wasta]

Tit for tat



Wasta, an Arabic term, is a system of performing mutual favours that smoothes or speeds up the way of getting things done, while liberally interpreting the rules. The important thing is that a favour must always be returned and never forgotten – even if it was performed years earlier.

27,897 km

Messe Frankfurt is organising Auto-mechanika in Saudi Arabia in 2016 in cooperation with Al-Harithy Company for Exhibitions (ACE)
Messe Frankfurt is continuing to develop its Mobility & Infrastructure business segment and is reinforcing the international network of the Automechanika brand with a venue in Saudi Arabia. Automechanika Jeddah will take place at the Jeddah Centre for Forums & Events

from 26 to 28 January 2016. This brings the global presence of the leading international trade fair brand for the automotive industry to 14 B2B events in 13 countries. Automechanika Jeddah is organised by Messe Frankfurt Middle East GmbH, Dubai, a subsidiary of the Messe Frankfurt group, together with the Saudi Arabian organiser Al-Harithy Company for Exhibitions (ACE).

[mow'id inglizee]

English meeting



Although punctuality is highly rated in the Arab world, to Northern Europeans the term is used there with an amazing degree of elasticity. In order to reduce the margin for interpretation, when Arabs want to stress that a set time must be adhered to they use the term "English meeting", which may be held in Arabic, but will start at the appointed time.

[Bazaar]

"When the bazaar coughs ...



... the whole nation will soon be sick," says an ancient Persian proverb. More than a few people believe that without the influence of traders the most important changes in the history of many Arab countries would not have happened or would have taken a different course.



Jeddah

[Khalyava]

All play and no work



Khalyava is a bonus, a freebie, an unexpected windfall – and an attitude to life. While the American dream promises prosperity and success through hard work, the Russian equivalent is based on wealth obtained by pure luck or an unexpected inheritance. However, Khalyava is not to be equated with laziness; rather, it is the expression of the idea that life is determined by fate. And when lady luck comes knocking, you should open the door and invite her in.

Khalyava denotes a fundamental difference in the attitude towards life in the West and the East, which is illustrated particularly graphically in a well-known fairy tale. In the Russian story, the peasant Emelya catches a magic fish that makes all his dreams come true: Khalyava.

The Russian tale ends here, logically enough. By contrast, in the German version of the Grimm Brothers' "The Fisherman and His Wife" the fable starts with the fish and tells of the tragic fall of the fisherman's family, rightfully triggered by greed and pride.

[Babki]

The path to success is paved with fat, dough and old women



The Russian language is surprisingly rich in synonyms for the word money. Some of them are logical. "Fat", for example, is what swims on the surface and can be skimmed off as profit after "cooking up a deal". "Dough" is associated with the hope of a wondrous transformation through leavening and the increase in all prosperity. The origin of the "old woman" [babki] is unclear. Some claim the term goes back to Tsarina Catherine II, whose portrait was printed on the banknotes of the day. But that is more than 250 years ago and women's images have not appeared on notes since that time.

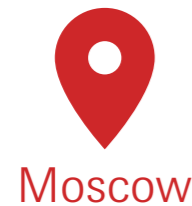
[zaMKADyshi]

Hungry average earners on the far side of the motorway



Anyone wishing to understand the boundaries between the social classes in Moscow should buy a city map and mark on it the following three streets: the wealthiest Muscovites live along the Rublyovka, a major highway in the west of the city. Rublyovka has been a place for the powerful and privileged since the days of the Tsars. After the collapse of the Soviet Union, this tradition was revived, or rather, simply continued by Russia's new elite. The somewhat poorer millionaires – with mocking envy also known as "light oligarchs" – live along the Novorizhskoye, which forms part of the M9 motorway running from Moscow to the Baltic Sea. The most important street, however, is the ring motorway MKAD, which forms the city boundary separating Moscow urban area from the suburbs, or rather, the prosperous middle class from the lower-paid or average earners. The commuters living on the far side of the MKAD are therefore sometimes pitied by Muscovites as "ZaMKADyshi", a variation of the Russian word for starving: "zamoryshy". Although the ZaMKADyshi are probably not so much combating the effects of hunger as above all else the daily traffic jams that have become an everyday part of Moscow life.

31,703 km

**Modern Bakery Moscow**

With the acquisition of Modern Bakery Moscow, Messe Frankfurt is now also positioning itself in the Food Technology segment on the Russian market. The sale of the trade fair by the organiser OWP Ost-West-Partner GmbH based in Nuremberg was concluded on 15 July 2014.

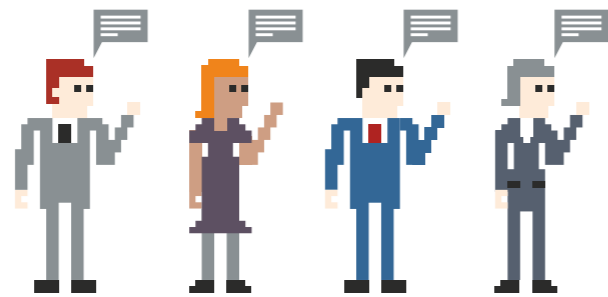
In future, Messe Frankfurt will cooperate with OWP in Russia on a partnership basis with the aim to jointly develop and strengthen the outreach of the event.

Techtextil Russia

Techtextil Russia is the leading specialist trade fair for technical textiles in Russia. The event presents innovative technologies for the entire value chain of textile production: from selection of the raw materials such as yarns and fibres, via special high-tech fabrics, through to innovative manufacturing processes.

In 2014, 180 companies from 20 countries presented their products, technologies and services to over 4,500 trade visitors at the 7th Techtextil Russia. Keen interest was shown in "smart" textiles, such as fabric that among other things can kill bacteria, or fabrics with cosmetic properties. Technical textiles are used for example in the automotive industry, medicine and furniture manufacturing.

“Until you learned this trick, you’ve been peeling oranges the wrong way your whole life.”



“Word-of-mouth marketing is like manna from heaven,” American marketing guru David Ogilvy wrote in his memoirs. “But nobody knows how to do it on purpose.” On the Internet, the distribution and sharing of contents attains a new dimension. But why do some things go viral while others don’t? Searching for clues on the World Wide Web.

So as not to prolong the suspense unnecessarily: using a knife, slice off the top and bottom of the orange. Then cut into the peel from top to bottom and open out the orange so that the segments are separated ready to eat in front of you like pearls on a string. Similar to the way you would peel an onion. Done – no more squirting and no more sticky fingers.

The “ultimate trick of how to peel an orange”, “Things only your mother does online” or the “19 faces of (German talkshow host and quiz master) Günther Jauch you can use in everyday life” – headers and contents like these guarantee success on the Internet. They are forwarded and liked thousands of times. In Net jargon these texts are called clickbaits and their only purpose is to attract click-throughs and encourage their spread on the Net.

This trick was invented some 14 years ago by Jonah Peretti, founder of the popular American news platform BuzzFeed. As a graduate at the Massachusetts Institute of Technology (MIT), Peretti was supposed to be writing his Master’s thesis. But rather than concentrate on his research, he distracted himself by goofing around on the Internet. A major sports article manufacturer was promoting its new customisable trainers. Peretti tried to order a pair with the word “Sweatshop” emblazoned on them – an allusion to the production conditions in India and China. This led to a terse, but highly amusing email exchange with a customer service representative, who refused the request. On a whim, Peretti afterwards posted the correspondence online.

In no time at all, the respective link had gone forth and multiplied on forums, mailing lists and blogs. Six weeks later the whole thing had turned viral and Peretti ended up on NBC’s “Today Show” debating the issue of sweatshop labour with a representative from the sportswear company in front of an audience of millions.

Back at his student digs, Peretti made a wager with roommate Cameron Marlow, who doubted that such a media stunt could simply be replicated. This marked the birth hour of BuzzFeed. Peretti set out to find out why some things spread virally on the Web and others don’t. If he could resolve this question and if he could come up with an algorithm that made it possible to control and engineer self-replicating contents on the Internet, Peretti figured, then there was big money to be made. Today, BuzzFeed is one of the biggest news platforms on the Internet and the most frequently shared source on Facebook.

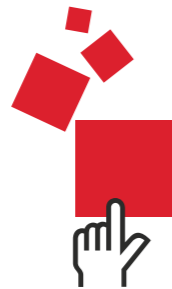
And yet at first glance, BuzzFeed appears to have little to do with the serious news sites as we know them in Europe. In order to find real news researched by first-rate journalists, you first have to click through a host of kitten photos, small animations and lists of “20 things you must do before you die”. If you have the patience, you may stumble across features like “Why I bought a house in Detroit for 500 dollars”, which describes the dramatic social situation in the run-down former boomtown of the American automotive industry and to date has been read by over 1.6 million people.

IS THERE A RECIPE FOR VIRAL SUCCESS ON THE INTERNET?

∞ km



messefrankfurt.com



Digital Business segment
at Messe Frankfurt

Messe Frankfurt strengthens digital business

Trade fairs take place on just a couple of days a year. With websites, apps and online offerings, Messe Frankfurt is accessible for exhibitors, visitors, partners and journalists at its “Digital Venue” 365 days a year.

The strong increase in demand shows how important digitally networked trade fair services have already become. Last year, for example, 7.2 million visitors availed themselves of Messe Frankfurt’s Internet offering – that’s more than twice as many visitors as Messe Frankfurt counted at its 100+ events worldwide.

Digitalisation is one of the biggest challenges facing the trade fair industry. We will make sustainable investments in this area in the coming years in order to underpin future growth across the group.

Wolfgang Marzin
President and CEO of Messe Frankfurt

BuzzFeed is an unashamed amalgam of editorial content, chaos, bad jokes and advertising. Instead of ads, advertising customers pay for the viral concept behind the postings. The airline JetBlue, for instance, presents “The 50 most amazing photos taken through airplane windows” and mobile phone provider Virgin Mobile declared Valentine’s Day to be “National Breakup Day”. A video showed 30 ways to break free from a bad relationship, combined with the invitation to leave an unhappy relationship with your current phone carrier and switch to Virgin Mobile. That day alone, the company recorded a 95-percent increase in the number of new contracts. Peretti wants to do nothing less than reinvent the advertising market. Not least for this reason did venture capitalists last year put 62 million dollars into BuzzFeed.

The magic formula and the small-world phenomenon

But how, precisely, does this work? Have the makers of BuzzFeed really invented a magic formula and has Peretti won his wager?

Duncan Watts is a principal researcher at Microsoft and prior to that was a professor of Sociology at Columbia University in New York. The topic of his research is centred on the question of how rumours are spread or trends develop. The impetus for this was provided by American psychologist Stanley Milgram, who had invented the “small-world experiment” at Harvard University back in the 1960s. We are all familiar with the idea that everyone knows everyone else in the world by no more than six degrees of separation, including the Queen of England or an Eskimo from the North Pole. If this is supposedly true, so Milgram’s theory goes, then it should also be possible for any person to send a package to a target recipient not known to them via just six intermediate acquaintances. Each intermediate acquaintance must, in turn, consider carefully who from their immediate circle of friends and acquaintances to mail the package ahead to so that it reaches the destination recipient as quickly as possible. From this it should be possible to trace how many nodes it takes on average for the package to reach the target. So how small is the world really?

Of the 60 packages Milgram had sent to a person in Boston, three actually reached their target, with a median chain length of 5.5 intermediate acquaintances. Later, Milgram repeated the experiment with 296 packages, 64 of which finally reached the target contact.

However, the methodology is worthy of criticism, because the low completion rate and the relatively small database reduced the study’s scientific significance. Therefore, 36 years later, Duncan Watts decided to replicate the experiment – but this time not with 297 packages, but with 62,184 senders from 166 countries, who were asked to write emails to 18 target recipients from 13 countries. The experiment confirmed Milgram’s theory: five to seven nodes were sufficient for the email to reach its destination. So it’s true – everyone knows everyone by no more than six degrees of separation.

However, this experiment also led Watts to the realisation that trends are not, as previously assumed, triggered by single, strongly networked individuals, such as pop stars or journalists. Rather, anyone can start a trend. That is to say: viral messages disseminate like seeds in many small flowers that all open at the same time. The most popular posts on BuzzFeed, Peretti claims, were not successful because they were shared by a well-known personality, but because many users in small groups of on average nine Facebook friends passed the message on. The determining factor is how susceptible a society is to the trend – how well the trend “sticks” – and not how convincing an alleged opinion leader is.

BuzzFeed has recognised and professionalised this principle and made a reliably functioning method out of it. Instead of infecting a well-connected person with a “virus” in the hope of triggering an “epidemic”, many averagely networked people ensure that the “infection rate” remains sufficiently high over a long period of time.

The next summer hit and the god particle

The many cat images and other content frequently passed on via the Internet are also known as “memes”. British psychologist Susan Blackmore explains the term with the help of evolution theory: “Genes are instructions for building proteins, stored in the cells of the body and passed on in reproduction. Their competition drives the evolution of the biological world. Memes are instructions for carrying out behaviour, stored in brains (or other objects) and passed on by imitation. Their competition drives the evolution of the mind.”

The most famous Internet memes of all time:



LOL CATS

Among the globally most widely shared images are photos of cats with a large caption that deliberately uses incorrect grammar or spelling and acts as a speech balloon containing a suitable or less suitable comment by the cat.



ICE BUCKET CHALLENGE

The ALS Ice Bucket Challenge was a charity campaign on the Web. Between 15 and 27 August 2014, the campaign raised 94.3 million US dollars in donations for research into the nervous disorder amyotrophic lateral sclerosis (ALS).

NEVER GONNA
GIVE YOU UP!

RICKROLLING

Rickrolling is a prank on the Internet: an unsuspecting Internet user is led to a video portal that plays the music video of the Rick Astley song “Never Gonna Give You Up”.

Human beings, Blackmore argues, learn primarily by imitation. When we imitate something, this “something” is passed on from one brain to another. This may be an idea, an instruction or a piece of information. All the words and stories we know and all songs, all habits and games we have picked up from someone else are memes.

There are more successful and less successful memes. The reason for this is that we are continuously producing new memes, but there are only a limited number of brains and therefore only limited processing capacity. Consequently, like genes, memes are constantly competing with each other to get copied. While some memes, such as a ground-breaking new invention, can prove useful to us, others may be neutral, for example a summer hit, which while being catchy, is of comparatively limited usefulness. Other memes may even be dangerous, for example chain letters. To the memes it’s all the same. The criterion for their proliferation is not whether they are useful, but exclusively whether the memes are easy to replicate. Memes are – like genes – selfish and want to get copied for their own sake.

This goes some way to explaining why animal stories, pictures of children and holiday snaps travel over the Web so quickly. It is not so much about quality, but about how easily something can be imitated. In 2012, for example, news of the experimental confirmation of the so-called Higgs boson, an elementary particle in the Standard Model of particle physics, spread around the world like wildfire because journalists nicknamed the complex

theory the “god particle”. This was sufficient to make the meme fit enough to be passed on from one brain to another – irrespective of whether the person understands particle physics or not.

Back to the real world

But can these millions of clicks really tell us anything? How does a genuine link to a product or a brand come about in all these new networks?

Rafael Schwarz is International Client Service Director of Trnd – an acronym for “the real network dialogue”. Trnd does collaborative marketing and promises to make personal recommendations scalable. “Our principle,” Schwarz says, “is based on the idea of the Share Economy proposed by Harvard economist Martin Weitzman: the more resources are allocated among all market players, the higher the prosperity for all. People we used to call ‘consumers’ can consume far more than just products. Bringing together customers, brands and companies can produce many positive effects. On the one hand for marketing, by winning people as brand ambassadors. However, customers stand to gain, too, because they have the chance to try things out before they are available on the market. But most important of all, by giving them a channel for expressing wishes and criticism, customers can contribute to product improvement.”



∞ km



Google Maps



Digitalised exhibition grounds

On Google Maps, visitors to Messe Frankfurt can find a digital map of the exhibition grounds with its halls and buildings. To create the map, the Messe Frankfurt exhibition grounds and the halls were measured and the data integrated into the map.

When users enter the search term “Messe Frankfurt” a complete map of the exhibition grounds with halls and hall levels is displayed in the results list.

Like this, they can simply click their way through the hall levels and other important areas such as restaurants or conference rooms. In future it is also planned to enable navigation within the individual halls.

IT'S TRUE: EVERYONE KNOWS EVERYONE IN THE WORLD BY NO MORE THAN SIX DEGREES OF SEPARATION.

To this end, an online community of selected prospective purchasers was set up who are regularly provided with new products. With the help of a toolkit, the participants can test and evaluate the products and afterwards share their experiences with friends and acquaintances.

The fact that the Internet is a catalyst for personal recommendation is clear. However, Schwarz cautions that we should not underestimate what goes on outside of the online world. On the Internet, recommendations can be seen by everyone and many people therefore believe this to be an ideal breeding ground. There's just one catch, however. Recommendations are especially effective when they are made by someone we know. That's why 81 percent of all recommendations still take place in the "real", analogue world. Even companies like Coca-Cola or Starbucks, which are naturally much talked about on the Internet, have an offline word-of-mouth factor that is several hundred contacts higher.

Organic coverage in social networks on the other hand, in other words free distribution of content between people who are actually connected and know each other, hardly exists any more. Pressure from investors to finally start earning money with social media platforms has become too high. This means that the degree of interaction between people and brands in social networks is just a tiny fraction, as a number of market studies show. This begs the question of how valuable the many clicks on BuzzFeed really are and whether at the end of the day all the attention is really reflected in higher sales figures or an enhanced image.

There are some things you just can't invent

For this reason, when seeking success on the Internet, it doesn't do to simply rely blindly on the currency of "likes" and "shares". More important are stories that are closely interwoven with your product and the brand and that are capable of eliciting a stronger reaction than LOL (Laughing Out Loud) or OMG (Oh My God).

Last year, for example, the Hamburg-based start-up, Protonet, set the world record in crowdfunding. Protonet offers a software

solution that makes it easier to organise project workflows in decentralised teams. At the same time, users retain control over their data on their own secure cloud. The visible and tangible heart of the idea is an orange-coloured box, a server on which users can create their own secure private online data storage. Like this, data are no longer passed on to a foreign host in another country, but remain with the owner of the personal cloud.

At precisely midday on 4 June 2014, Protonet launched its crowdfunding campaign as a way of financing the fledgling company through many small investors. After just 39 minutes, the company had collected 500,000 euros and just three-and-a-half hours into the campaign, the 1 million euro threshold was cracked. At the close of the campaign, the counter stood at 1.5 million euros. The world record was broken in a second financing round: a million US dollars in just 89 minutes.

How did they do it? "We put a lot of work into the preparations: into the product itself, the intuitive operation and the meticulous hand-crafted orange server box. We organised a roadshow ahead of the campaign and did a lot of media work. And our timing was fortuitous, coming as it did right in the middle of the heated debate over the NSA Internet surveillance scandal," says Philipp Baumgaertel from Protonet, explaining the secret of its success.

In fact, data security is just one aspect of Protonet's product. Much more important, for example, is the efficiency increase for project management brought about by the software that runs on the orange servers. However, it was the discussion about Edward Snowden and the hacking of Angela Merkel's mobile that drove the run-away success of the crowdfunding. An easy-to-copy meme and a trend that sticks ... and already the flowers open and scatter their seeds.

There are, quite simply, some things you just can't invent. That's why Cameron Marlow is convinced that his wager with Jonah Peretti is still open – just like the question of whether there is a recipe for what goes viral on the Internet and what doesn't.



Award for Messe Frankfurt navigator app

Messe Frankfurt's navigator app received the "Digital Excellence Award" in the category "Best Onsite Engagement with an App", and the interactive trade fair calendar, which was nominated for a Digital Excellence Award in the category "Best CVB/ location-based Digital Marketing Campaign", came second in the final. For exhibitors and visitors, Messe Frankfurt's apps for trade

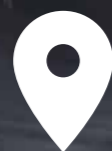
fairs and events have become an integral part of their trade fair visit. This was most recently demonstrated at Light+ Building: half of all visitors to the world's leading trade fair for lighting and building technology took advantage of the smartphone offering – an increase of 30 percent compared to the last Light+ Building in 2012. Particularly popular were the exhibitor search and the map of the exhibition grounds, which were used by 45 and 42 percent of app users, respectively.

Home, sweet home.



People come to Messe Frankfurt from many directions – three people, three professions, three careers.

Back to Messe Frankfurt → 51,239 km



Messe Frankfurt



Short distances

Juerg-Dieter Hofmann doesn't have to travel far to work. Messe Frankfurt's refrigeration and air conditioning technician lives with his wife in the Festhalle. More precisely, he lives in one of the three small towers that adorn the multi-purpose hall built by architect Friedrich von Thiersch in 1907 – although the term "multi-purpose hall" doesn't really do justice to the Hofmanns' domicile. The building is an internationally outstanding example of late Historicism, an architectural movement that consciously drew on the 18th century pomp of the Baroque era.

The Hofmanns didn't get to live at one of the most exclusive addresses in Frankfurt purely by chance, however: whenever a lift

breaks down on the exhibition grounds, there's a problem with cooling the server rooms or a forklift operator cuts through a cable, Juerg-Dieter Hofmann comes to the rescue. The ability to solve such problems in a speedy and uncomplicated way is important above all at night, not infrequently also at weekends, during stand construction and dismantling times.

And the fact that the Hofmanns' "foyer" occasionally welcomes guests such as the hard rockers from AC/DC or the international annual meeting of military marching bands doesn't faze the couple at all: "Then it can get a little bit louder."



"Parlour" or "Grande Dame"?

The Festhalle is both! As a versatile event location in the Rhine-Main region it has been thrilling audiences for over 100 years. Its historical façade conceals much more than might be suspected at first glance.

It can hold up to 13,500 visitors unseated. The imposing glass dome can be completely darkened at the touch of a button and, as at the International Motor Show (IAA), light effects can be employed to dramatic effect.

Up to 2,000 guests can be seated at long tables for a banquet or up to 1,500 at round tables for a gala dinner. In 2014, more than 500,000 visitors attended concerts, shows, sporting, entertainment or company events at the Festhalle.

Winding paths

“And then I wanted to try something else.” You will often hear this sentence when you speak to Irina Voronkova. It all began in Moscow, where she did some translating work while studying two masters’ courses. During an assignment for Heimtextil in Moscow, she happened to hear of a job opening as assistant to the Board of Management of Messe Frankfurt RUS, where she started two days later. From assistant, she went on to work in PR, government relations and new business development before taking on a post in operations management.

And then she wanted to try something else, so she decided to go to Germany and study “General Management and Business Administration” at the renowned European Business School.

The most recent professional change in Irina Voronkova’s career is at the same time a return home to Messe Frankfurt, where her journey began six years ago. Since 2013, she has worked in the Mergers & Acquisitions department where she advises Messe Frankfurt’s subsidiaries in Asia and South America on acquiring and selling new events and companies.



Change of sides

Each of the exhibition halls has its own profile, which is characterised by the height of the hall levels and doors, the bearing strength, heat dissipation, building technology and fittings. Continuous advances in stand construction and ever more complex trade show presentations are accompanied by a demand for ever larger exhibition stands, more lighting and more technology. In order to remain fit for the future, exhibition halls have to keep pace with this dynamic. And that is Martin Lerch’s job. As project manager for the construction of the new Hall 12, he is responsible for the entire planning and realisation, from development of the project concept in cooperation with the various departments, through to development of the master plan, the tendering procedure, the architectural competition and finally construction management and acceptance of the finished building.

The trained carpenter and civil engineering graduate is helped in his task by the fact that he hasn’t always been on the side of the contracting entity. Before joining Messe Frankfurt in 2005, Lerch spent 20 years on the project execution side – among other things as project manager for the construction of Göttingen University. Consequently, he is au fait with the intricacies and specifics of the trade and isn’t so easily taken in. What Martin Lerch enjoys particularly about his job is that as the client you are involved in a project from the very outset and have plenty of scope to bring in your own ideas. Or expressed less modestly: you can give the exhibition hall the right profile.

XX World Congress for Safety and Health at Work 2014 was a guest at the Frankfurt exhibition grounds

The World Congress for Safety and Health at Work opens its doors every three years – and each time a different country is the host. The congress offers a platform for the exchange of information and views to experts, representatives of companies, decision-makers in governments and public authorities, social partners and anyone else active in the area of occupational health and safety.

The exhibition grounds welcomed around 4,000 attendees from 143 countries – a bigger international audience than at any previous World Congress, including the German Minister of Labour and Social Affairs, Andrea Nahles.

The World Congress for Safety and Health at Work was also the first practical test for Messe Frankfurt’s new Operation & Security Center.

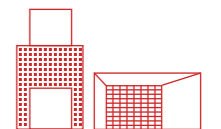


Modern and centrally located
Messe Frankfurt’s exhibition grounds cover a total area of 592,127 square metres. Nevertheless it is known as the short-track trade fair – even if it is one of the biggest exhibition centres in the world.

In the immediate vicinity of the 256-metre high Messeturm (Trade Fair Tower), in the direction of the city centre, visitors are welcomed in the east of the exhibition grounds by the Congress Center, Festhalle and Forum.



Architecturally, the Messe Frankfurt Congress Center offers an abundance of glass and light. Flexible event rooms, spacious exhibition areas and a hotel make this an ideal multi-functional event venue.



The western part of the grounds boasts the Portalhaus and directly adjacent to it Hall 11. Behind this, you can recognise the Torhaus designed by Oswald M. Ungers, housing Messe Frankfurt’s service centre and administration.

Overall activities of Messe Frankfurt in 2014

Overall activities of Messe Frankfurt in 2014

	Exhibitors			Net area (in m ²) incl. special show space	Visitors			
	Number of events	Germany	Other countries		Total	Germany	Other countries	Total
Trade fairs and exhibitions at the Frankfurt exhibition venue	36	12,705	24,649	37,354	1,147,140	873,434	557,817	1,431,251
Trade fairs and exhibitions in Germany outside the Frankfurt exhibition venue	8	3,199	1,275	4,474	167,137	102,476	23,854	126,330
Events outside Germany	77	26,789	16,091	42,880	1,060,630	1,291,691	234,681	1,526,372
Congresses, conventions and other activities	245	0	0	0	0	581,861	135	581,996
	366	42,693	42,015	84,708	2,374,907	2,849,462	816,487	3,665,949

Trade fairs and exhibitions at the Frankfurt exhibition venue in 2014

	Exhibitors			Net area (in m ²) incl. special show space	Visitors			
	Number of events	Germany	Other countries		Total	Germany	Other countries	Total
■ Airtec ¹		204	96	300	4,500	2,345	1,005	3,350
■ Ambiente		1,127	3,622	4,749	191,445	71,074	72,715	143,789
■ Automechanika Frankfurt		729	3,931	4,660	177,317	57,346	80,636	137,982
■ Book Fair ¹		2,534	4,569	7,103	100,000	151,865	117,669	269,534
■ Christmasworld		239	678	917	54,143	13,922	18,942	32,864
■ Creativeworld		75	214	289	11,465	4,135	4,030	8,165
■ Euro ID		55	27	82	1,280	721	311	1,032
■ EuroMold		573	432	1,005	28,311	36,993	19,919	56,912
■ Hair & Beauty		168	82	250	20,257	38,374	2,602	40,976
■ Heimtextil		328	2,386	2,714	121,785	22,206	44,059	66,265
■ IMEX		462	3,176	3,638	21,612	4,186	4,746	8,932
■ Light + Building		920	1,575	2,495	145,306	111,545	99,687	211,232
■ Musikmesse		433	885	1,318	39,713	44,732	20,630	65,362
■ Optatec		264	309	573	7,947	3,668	1,573	5,241
■ Paperworld		296	1,381	1,677	45,384	14,608	27,537	42,145
■ Prolight + Sound		324	574	898	37,256	20,752	21,515	42,267
■ Safety 2014 Germany		209	42	251	9,105	8,042	11,200	19,242
■ Tendence ²		762	450	1,212	52,477	28,149	6,331	34,480
■ Viscom		208	118	326	11,870	7,951	2,113	10,064
■ Zellcheming-Expo		106	63	169	2,487	1,302	356	1,658
International trade fairs	20	10,016	24,610	34,626	1,083,659	643,916	557,576	1,201,492

¹ Messe Frankfurt estimate, unconfirmed figures provided by the organiser

² Figures incl. Webchance and Ecostyle

■ International trade fairs ■ Trade exhibitions ■ Exhibitions open to the public

	Exhibitors			Net area (in m ²) incl. special show space	Visitors			
	Number of events	Germany	Other countries		Germany	Other countries	Total	
■ Cosmetica		216	19	235	7,357	14,059	60	14,119
■ Facility Management		139	7	146	3,374	5,443	149	5,592
■ FI-Forum		90	3	93	7,822	10,650	18	10,668
■ Fireprotec		38	0	38	252	1,093	14	1,107
■ Other trade exhibitions	1	85	0	85	1,500	850	0	850
■ Trade exhibitions	5	568	29	597	20,305	32,095	241	32,336
■ Land & Genuss		217	10	227	4,936	20,780	0	20,780
■ Sales marts and exhibitions	10	1,904	0	1,904	38,240	176,643	0	176,643
Exhibitions open to the public	11	2,121	10	2,131	43,176	197,423	0	197,423

Trade fairs and exhibitions at the Frankfurt exhibition venue in 2014

	Exhibitors			Net area (in m ²) incl. special show space	Visitors			
	Number of events	Germany	Other countries		Germany	Other countries	Total	
■ International trade fairs	20	10,016	24,610	34,626	1,083,659	643,916	557,576	1,201,492
■ Trade exhibitions	5	568	29	597	20,305	32,095	241	32,336
■ Exhibitions open to the public	11	2,121	10	2,131	43,176	197,423	0	197,423
	36	12,705	24,649	37,354	1,147,140	873,434	557,817	1,431,251

■ International trade fairs ■ Trade exhibitions ■ Exhibitions open to the public

Trade fairs and exhibitions in Germany outside the Frankfurt exhibition venue in 2014

	Exhibitors			Net area (in m ²) incl. special show space	Visitors			
	Number of events	Germany	Other countries		Germany	Other countries	Total	
■ EMV		58	33	91	1,640	2,659	886	3,545
■ Greenshowroom Ethical Fashion Show Berlin Autumn		59	64	123	895	2,027	675	2,702
■ Greenshowroom Ethical Fashion Show Berlin Spring		54	61	115	888	2,226	660	2,886
■ Nordstil (Summer Edition)		716	141	857	34,816	13,500	500	14,000
■ Nordstil (Winter Edition)		699	98	797	32,443	20,117	180	20,297
■ PCIM Europe (trade fair / congress)		187	204	391	10,383	4,785	3,221	8,006
■ SMT Hybrid Packaging		332	166	498	14,297	13,580	4,527	18,107
■ SPS IPC Drives		1,094	508	1,602	71,775	43,582	13,205	56,787
	8	3,199	1,275	4,474	167,137	102,476	23,854	126,330

Trade fairs and exhibitions in Germany in 2014

	Exhibitors			Net area (in m ²) incl. special show space	Visitors			
	Number of events	Germany	Other countries		Germany	Other countries	Total	
■ International trade fairs	24	11,687	25,521	37,208	1,181,754	708,522	579,415	1,287,937
■ Regional trade fairs	2	1,415	239	1,654	67,259	33,617	680	34,297
■ Trade exhibitions	7	681	154	835	22,088	36,348	1,576	37,924
■ Exhibitions open to the public	11	2,121	10	2,131	43,176	197,423	0	197,423
	44	15,904	25,924	41,828	1,314,277	975,910	581,671	1,557,581

Congresses, events and other activities in 2014

	Exhibitors			Net area (in m ²) incl. special show space	Visitors		
	Number of events	Germany	Other countries		Germany	Other countries	Total
Congresses and conferences at the exhibition centre not linked to trade fairs	138				116,621	135	116,756
Conventions (concerts, sporting, religious, political and other events)	92				465,240	0	465,240
German pavilions (planning and implementation of trade fair participations)	15				0	0	0
	245				581,861	135	581,996

■ International trade fairs ■ Regional trade fairs ■ Trade exhibitions ■ Exhibitions open to the public

Energy efficiency, safety & security and automation are global challenges. In light of finite resources and a rapidly growing world population, the demand for solutions to these mega issues is increasing. Attracting 19,000 exhibitors and over a million visitors, the 60 Messe Frankfurt technology trade fairs and events are the leading international formats for innovations and cross-industry exchanges among experts.

Building & Energy: 19 events worldwide, including the world's two leading trade fair brands for building technology, ISH and Light + Building, offer platforms for efficient building management, intelligent networking, security of supply and design, as well as sustainable management of energy and water.

Environmental Technology: Eight events present the entire spectrum of state-of-the-art environmental technologies from recycling and waste management, via water treatment, to air purification and energy generation.

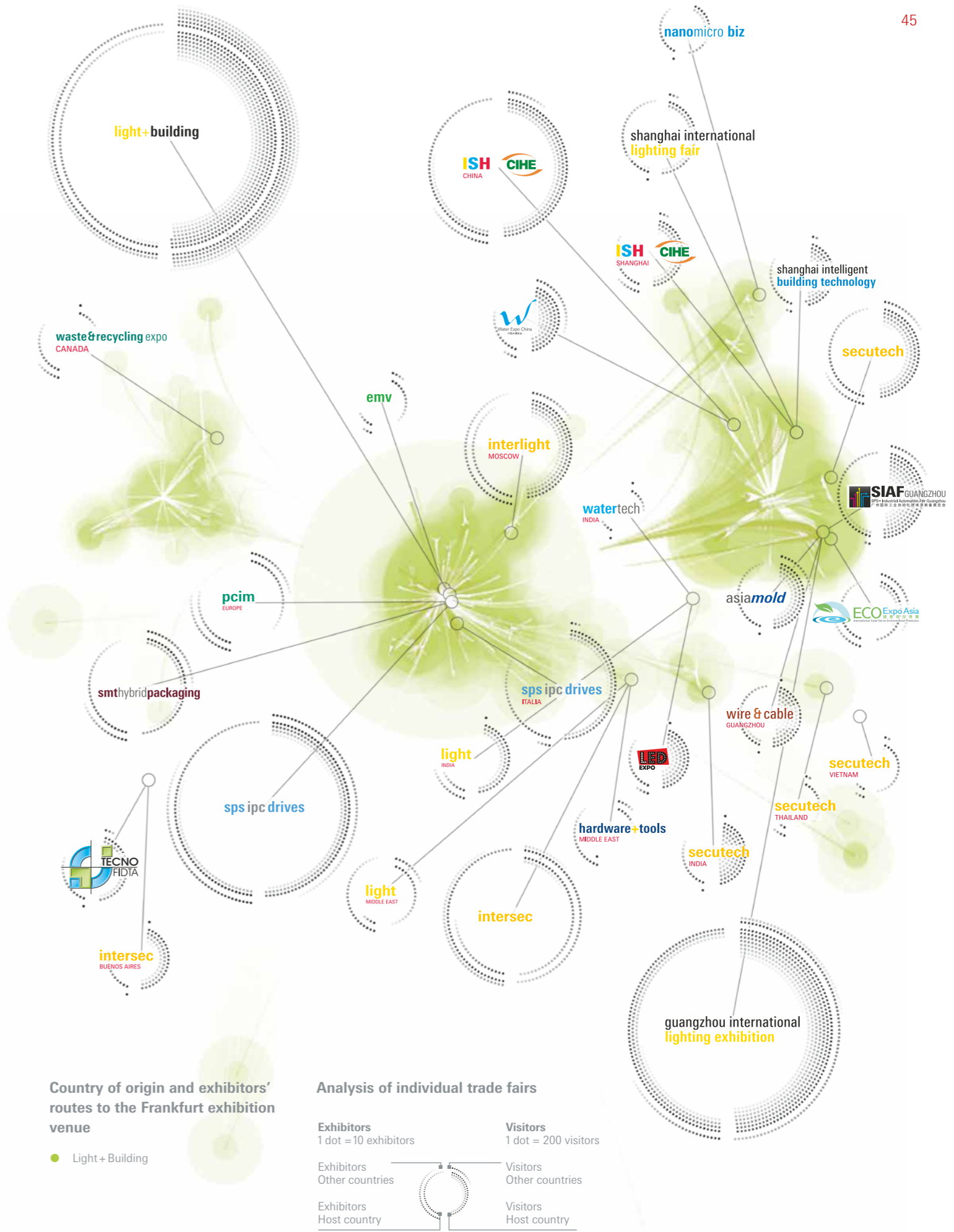
Safety & Security: Messe Frankfurt is one of the world's leading organisers of safety & security trade fairs, currently with 12 events. The product portfolio encompasses commercial security, information security, as well as fire & rescue, safety & health and homeland security.

Production & Engineering: Automation of production flows and intelligent process optimisation are the themes of the 26 investment goods fairs worldwide, including the increasingly important food technology segment.

Industry-oriented technology themes are the domain of MESAGO Messe Frankfurt. Events such as SPS IPC Drives (electrical automation), SMT Hybrid Packaging (system integration in microelectronics) and PCIM (power electronics, intelligent motion, renewable energies, energy management) represent the key international forums in their fields.

Events outside Germany in 2014

Technology & Production	Exhibitors				Net area (in m ²) incl. special show space	Visitors		
	Number of events	Host country	Other countries	Total		Host country	Other countries	Total
IFFA								
Tecno Fidta		147	7	154	4,834	9,152	655	9,807
	1	147	7	154	4,834	9,152	655	9,807
Intersec								
Intersec		210	1,004	1,214	24,112	11,733	13,033	24,766
Intersec Buenos Aires		120	9	129	4,061	12,105	398	12,503
Secutech		352	148	500	11,894	23,467	2,660	26,127
Secutech India		149	16	165	4,479	20,398	51	20,449
Secutech Thailand		23	45	68	1,542	2,460	540	3,000
Secutech Vietnam		39	39	78	1,627	3,791	461	4,252
	6	893	1,261	2,154	47,715	73,954	17,143	91,097
ISH								
ISH China & CIHE		817	182	999	36,345	38,978	2,260	41,238
ISH Shanghai & CIHE		165	74	239	5,310	12,944	764	13,708
	2	982	256	1,238	41,655	51,922	3,024	54,946
Light + Building								
Guangzhou International Lighting Exhibition		2,621	290	2,911	117,615	104,339	25,546	129,885
Interlight Moscow powered by Light + Building		315	416	731	15,209	27,207	2,671	29,878
LED Expo Delhi		157	46	203	3,640	16,195	0	16,195
Light India		86	127	213	5,835	12,652	0	12,652
Light Middle East		47	279	326	4,005	4,379	2,112	6,491
Shanghai Intelligent Building Technology		159	22	181	4,539	16,306	570	16,876
Shanghai International Lighting Fair		295	1	296	6,952	10,513	602	11,115
	7	3,680	1,181	4,861	157,795	191,591	31,501	223,092
SPS								
SIAF – SPS Industrial Automation Fair Guangzhou		440	25	465	10,458	32,000	2,665	34,665
SPS IPC Drives Italia		281	42	323	19,934	20,329	799	21,128
	2	721	67	788	30,392	52,329	3,464	55,793
Independent – Building & Energy								
Hardware + Tools Middle East		11	198	209	2,306	2,105	1,134	3,239
	1	11	198	209	2,306	2,105	1,134	3,239
Independent – Environment								
Canadian Waste & Recycling Expo		153	70	223	4,004	1,276	127	1,403
Eco Expo Asia		205	103	308	3,938	6,980	3,837	10,817
Water Expo China		136	47	183	4,962	20,802	3,606	24,408
Watertech India		44	6	50	896	1,526	0	1,526
	4	538	226	764	13,800	30,584	7,570	38,154
Independent – Production Technology								
AsiaMold		238	13	251	5,128	16,165	2,853	19,018
Nano Micro Biz		145	17	162	1,751	5,107	111	5,218
Wire & Cable Guangzhou		318	0	318	4,037	18,821	0	18,821
	3	701	30	731	10,916	40,093	2,964	43,057
Total Technology & Production	26	7,673	3,226	10,899	309,413	451,730	67,455	519,185



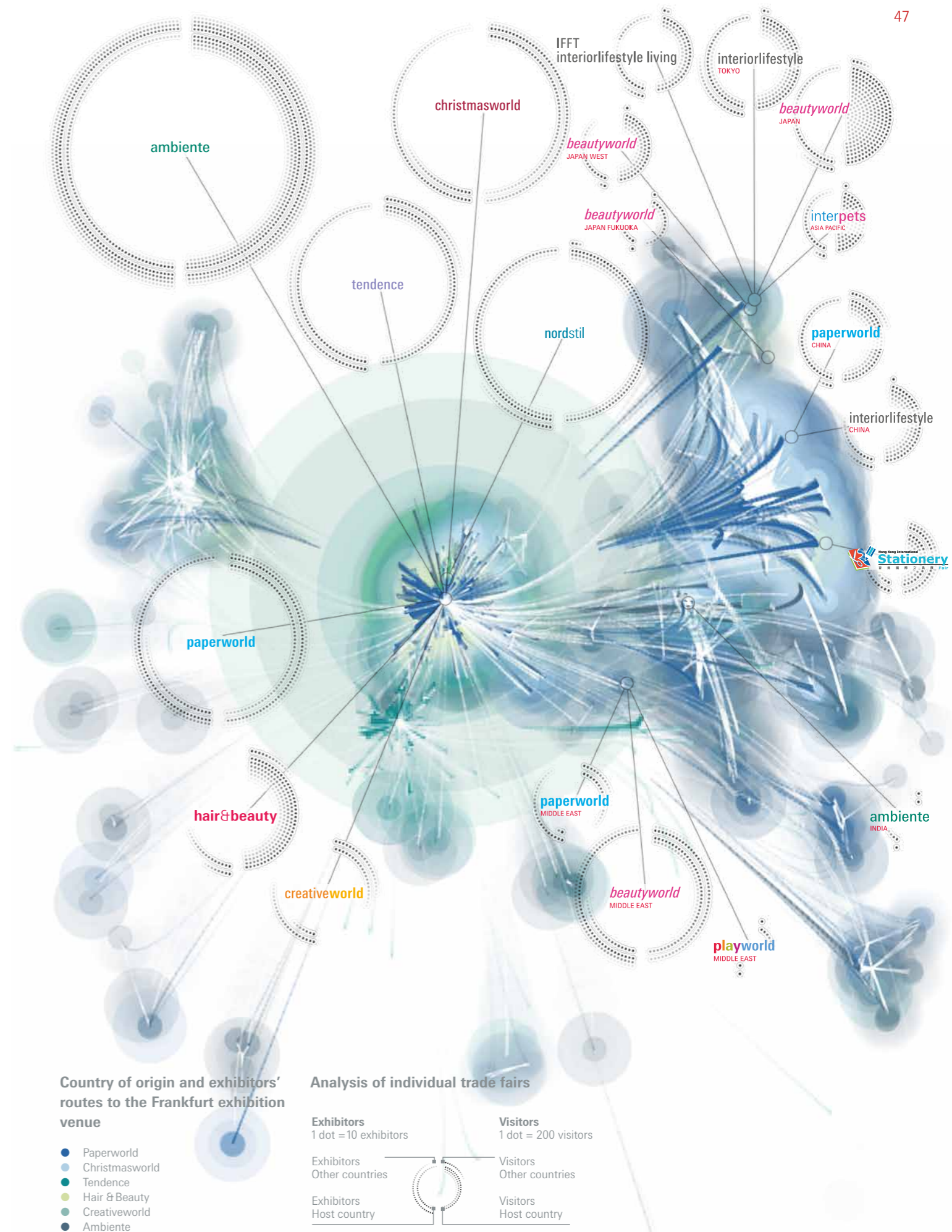
Consumer goods are both a cornerstone and a pioneering business area of the globally operating Messe Frankfurt. It all began at the Frankfurt venue almost 900 years ago: with the first trade fairs around the Römerberg that already offered metal and glassware, ceramics, textiles, gifts, stationery, living accessories and decorative objects – products that have been very successfully traded at the Frankfurt exhibition grounds ever since. But globalisation and digitalisation are also changing the worldwide consumer goods markets and with them their trading structures in Germany, Europe and the rest of the world. With its internationally leading trade fair formats, Messe Frankfurt offers the industry precisely the right networking and

business platforms from which to address the opportunities and challenges of the coming decades. Besides the Ambiente global flagship fair each year in February and Tendence as the leading novelty platform in Europe for the second half-year, Ambiente brand events are also held in Tokyo and Shanghai. In 2014, the event was also extended to the Indian subcontinent under the name Ambiente India. Paperworld, Creativeworld and Christmasworld, the globally leading trade fairs in their respective sectors, bring together the international consumer goods market in Frankfurt or, like Beautyworld, offer successful trading platforms in the key growth regions of Asia and the Middle East.

Events outside Germany in 2014

³ Ambiente India and Heimtextil India are held in parallel, therefore it is not possible to state how many visitors attended each fair.

Consumer Goods & Leisure	Exhibitors				Net area (in m ²) incl. special show space	Visitors		
	Number of events	Host country	Other countries	Total		Host country	Other countries	Total
Ambiente								
Ambiente India ³		49	2	51	741	0	0	0
IFFT/ Interior Lifestyle Living		328	63	391	7,137	15,116	415	15,531
Interior Lifestyle China		151	82	233	7,746	21,436	337	21,773
Interior Lifestyle Tokyo		607	212	819	12,498	26,961	582	27,543
	4	1,135	359	1,494	28,122	63,513	1,334	64,847
Beautyworld								
Beautyworld Japan		443	95	538	14,118	56,772	1,060	57,832
Beautyworld Japan Fukuoka		73	0	73	789	4,024	16	4,040
Beautyworld Japan West		195	22	217	5,304	16,373	203	16,576
Beautyworld Middle East		221	1,144	1,365	22,679	15,559	13,073	28,632
	4	932	1,261	2,193	42,890	92,728	14,352	107,080
Paperworld								
Hong Kong International Stationery Fair		45	179	224	2,229	10,227	10,049	20,276
Paperworld China		459	42	501	8,925	19,406	2,951	22,357
Paperworld Middle East		29	242	271	4,451	3,571	2,322	5,893
	3	533	463	996	15,605	33,204	15,322	48,526
Independent – Leisure & Entertainment								
Interpets Asia Pacific		219	31	250	3,585	27,018	329	27,347
	1	219	31	250	3,585	27,018	329	27,347
Total Consumer Goods & Leisure	12	2,819	2,114	4,933	90,202	216,463	31,337	247,800



As international market leader, Messe Frankfurt consolidates the world's major textiles trade fairs in its portfolio with its 'Expertise Network'. More than 45 events worldwide showcase what drives the industry. The latest topics, trends and contacts already attract in excess of 16,000 exhibitors and over 430,000 visitors from all over the world. Be it in Frankfurt, Paris, Shanghai, Moscow or New York – Messe Frankfurt provides impulses for the entire value chain of the textiles industry.

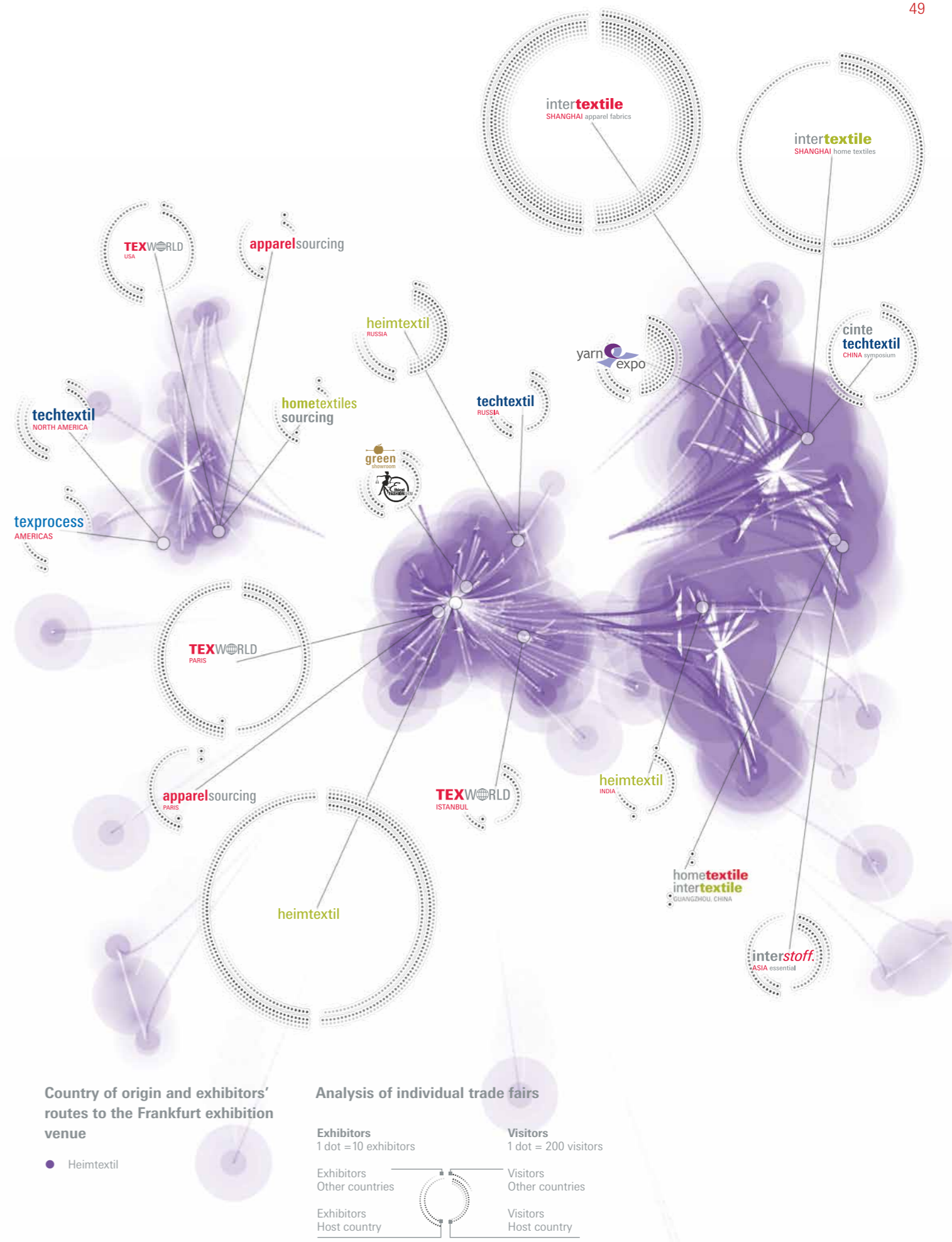
The themes are as varied as the textiles industry itself: starting with Apparel Fabrics & Fashion offering platforms for the international apparel and fashion industry, via Interior & Contract Textiles, the international network for home, contract and interior textiles, to Technical Textiles & Textile Processing, the advanced forum for technical textiles and textile processing.

Events in the Textiles & Textile Technologies segment are at the same time also a stage for creativity. Innovative ideas need a basis with global reach. And this is precisely what our trade fairs offer. Here, textiles are brought to life; here, trends are born and young talents are promoted. Creative new products and innovative design shape today's lifestyle. At our international trade fairs, people from all four corners of the world can discover the latest trends at first hand.

³ Ambiente India and Heimtextil India are held in parallel, therefore it is not possible to state how many visitors attended each fair.
⁴ Texworld (Autumn) and Apparel Sourcing Paris Autumn are held in parallel, therefore it is not possible to state how many visitors attended each fair.
⁵ Texworld (Spring) and Apparel Sourcing Paris Spring are held in parallel, therefore it is not possible to state how many visitors attended each fair.

Events outside Germany in 2014

Textiles & Textile Technologies	Exhibitors			Net area (in m ²)	Visitors		
	Number of events	Host country	Other countries		Total	Host country	Other countries
Apparel Sourcing							
Apparel Sourcing Paris (Autumn) ⁴		1	282	283	3,138	0	0
Apparel Sourcing Paris (Spring) ⁵		1	113	114	1,358	0	0
International Apparel Sourcing Show Summer		9	184	193	1,947	842	90
	3	11	579	590	6,443	842	90
Heimtextil							
Heimtextil India ³		101	12	113	3,081	6,525	0
Heimtextil Russia		142	177	319	9,444	21,855	956
	2	243	189	432	12,525	28,380	956
Home Textiles Sourcing							
Home Textiles Sourcing Expo		4	131	135	1,620	949	96
	1	4	131	135	1,620	949	96
Interstoff							
Interstoff Asia Essential – Autumn		20	125	145	2,106	3,938	2,121
Interstoff Asia Essential – Spring		30	191	221	2,712	5,002	2,025
	2	50	316	366	4,818	8,940	4,146
Intertextile (Apparel)							
Intertextile Shanghai Apparel Fabrics – Spring Edition		865	371	1,236	21,133	32,606	7,608
Intertextile Shanghai Apparel Fabrics – Autumn Edition		2,916	928	3,844	86,817	54,349	16,789
	2	3,781	1,299	5,080	107,950	86,955	24,397
Intertextile (Home)							
Intertextile Guangzhou Home Textiles		3	4	7	117	255	42
Intertextile Shanghai Home Textiles – Autumn Edition		1,071	263	1,334	77,939	38,571	4,618
	2	1,074	267	1,341	78,056	38,826	4,660
Techtextil							
Cinte Techtextil China		332	128	460	10,540	11,448	1,048
Techtextil North America Atlanta		165	200	365	4,590	4,073	1,344
Techtextil Russia		46	134	180	1,950	5,718	1,089
	3	543	462	1,005	17,080	21,239	3,481
Texprocess							
Texprocess Americas		130	34	164	5,343	2,413	563
	1	130	34	164	5,343	2,413	563
Texworld							
Texworld Istanbul (Autumn)		14	101	115	1,704	3,936	1,312
Texworld (Autumn) ⁴		0	880	880	15,825	2,153	12,881
Texworld (Spring) ⁵		1	744	745	12,915	2,010	11,513
Texworld USA (Autumn)		29	407	436	5,430	3,459	459
Texworld USA (Spring)		21	247	268	3,275	2,815	261
	5	65	2,379	2,444	39,149	14,373	26,426
Yarn Expo							
Yarn Expo Autumn		50	87	137	2,052	6,388	709
Yarn Expo Spring		135	98	233	3,654	16,208	4,004
	2	185	185	370	5,706	22,596	4,713
Total Textiles & Textile Technologies	23	6,086	5,841	11,927	278,690	225,513	69,528



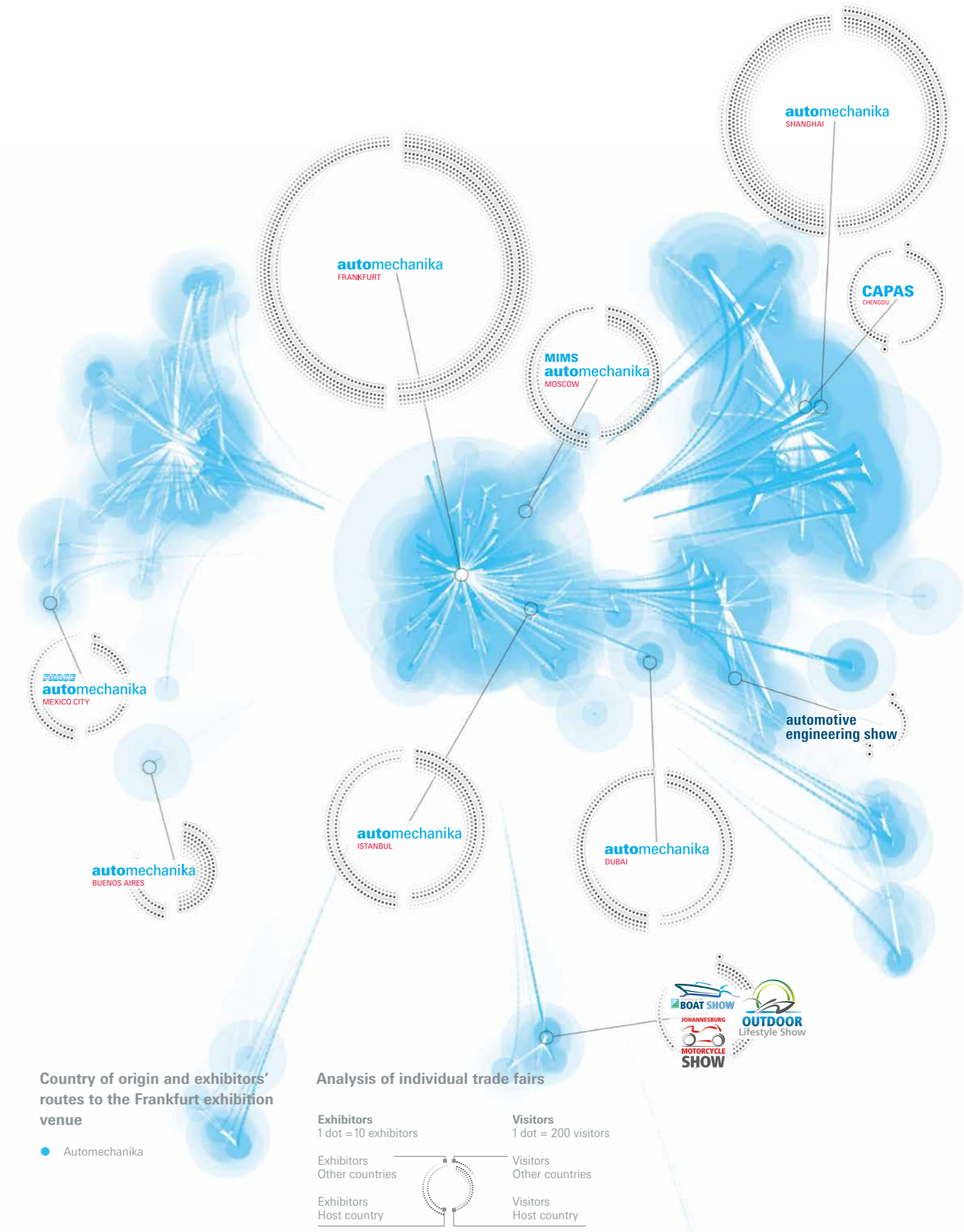
In times of digitalisation and increasing connectivity – irrespective of whether vehicles or logistics networks – Messe Frankfurt is investing in a number of new trade fairs and congresses for the Automotive und Transport & Logistics segments. Here, customers can rely on extensive market expertise that Messe Frankfurt has built up through the internationalisation of its Automechanika trade fair. The brand stands for a network of some 120 associations worldwide and representatives in 160 different countries.

With the new events, the portfolio in the Mobility & Infrastructure business segment now covers the entire value chain in the automotive sector, from the

supplier and parts industry, via manufacturing, to the entire area of repairs, management, digital solutions, services and vehicle recycling. Automotive shows outside Germany, such as the Johannesburg Motor Show, South Africa's biggest international motor fair, are as well part of the trade fair programme. Messe Frankfurt is also active in trade conferences in the areas of supply chain management, customising or i- and e-mobility. Truck competence is another area in which Messe Frankfurt is positioning itself on a wider basis. The next Comtrans in Moscow, the second-largest commercial vehicle trade fair worldwide, is being organised as a joint venture with the ITE Group.

Events outside Germany in 2014

Mobility & Infrastructure	Exhibitors				Net area (in m ²) incl. special show space	Visitors		
	Number of events	Host country	Other countries	Total		Host country	Other countries	Total
Automechanika								
Automechanika Buenos Aires		186	136	322	7,955	24,543	2,521	27,064
Automechanika Dubai		203	1,568	1,771	31,235	13,601	15,108	28,709
Automechanika Istanbul		739	736	1,475	34,679	31,986	12,483	44,469
MIMS powered by Automechanika Moscow		316	1,022	1,338	23,371	27,802	3,437	31,239
Automechanika Shanghai		4,448	588	5,036	114,674	65,942	23,169	89,111
PAACE Automechanika Mexico City		113	403	516	10,756	16,586	511	17,097
	6	6,005	4,453	10,458	222,670	180,460	57,229	237,689
Independent Automotive								
Automotive Engineering Show		99	0	99	1,298	3,076	0	3,076
CAPAS		582	11	593	11,654	10,887	158	11,045
Lifestyle Shows		244	0	244	13,713	24,120	0	24,120
	3	925	11	936	26,665	38,083	158	38,241
Total Mobility & Infrastructure	9	6,930	4,464	11,394	249,335	218,543	57,387	275,930



Country of origin and exhibitors' routes to the Frankfurt exhibition venue

● Automechanika

Analysis of individual trade fairs

Exhibitors
1 dot = 10 exhibitors

Visitors
1 dot = 200 visitors

Exhibitors Other countries

Visitors Other countries

Exhibitors Host country

Visitors Host country

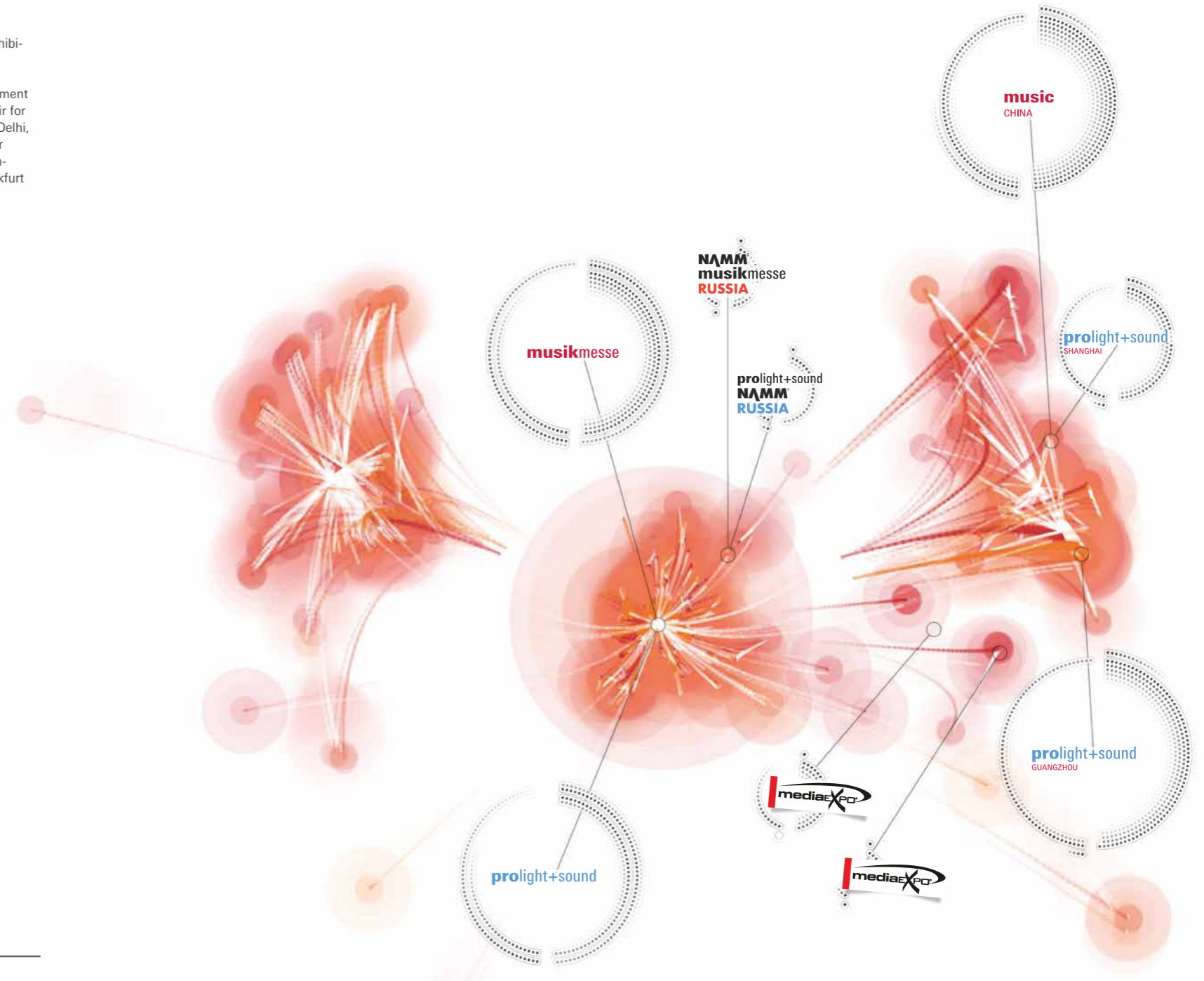
Live entertainment, cultural, creative, digital or media industry: in all these fields, Messe Frankfurt offers dedicated business and networking platforms aimed at successfully networking the high level of innovative strength of these industries in the international arena. To this end, Messe Frankfurt is investing in new trade fairs and congresses not only at the Frankfurt venue, but worldwide. As the international showcase fair for musical instruments and sheet music, music production and marketing, Musikmesse, together with Prolight + Sound as the largest international trade fair for technologies and services for events, installation and production, with seven events in Frankfurt, Moscow, Shanghai and Guangzhou, create strong and, above all,

economy-boosting marketing and sales platforms for more than 5,700 exhibitors and over 280,000 visitors.

New in the portfolio of the Entertainment, Media & Creation business segment since 2014 is the Media Expo trade fair brand. This is the biggest trade fair for signage and indoor & outdoor advertising in India and is held annually in Delhi, Mumbai and Kolkata. The product categories range from indoor & outdoor advertising to solutions for digital advertising screens and visual merchandising – a growth segment in the region, which has found in Messe Frankfurt a strong, internationally networked trade fair organiser.

Events outside Germany in 2014

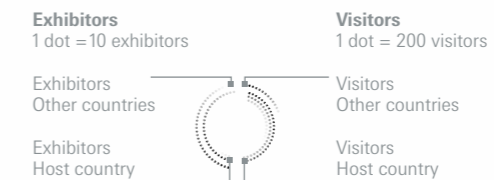
Entertainment, Media & Creation	Exhibitors				Net area (in m ²)	Visitors		
	Number of events	Host country	Other countries	Total		incl. special show space	Host country	Other countries
Musikmesse								
Music China		1,450	325	1,775	47,381	68,015	3,576	71,591
NAMM Musikmesse Russia		57	16	73	2,288	10,353	238	10,591
	2	1,507	341	1,848	49,669	78,368	3,814	82,182
Prolight + Sound								
Prolight + Sound Guangzhou		1,092	46	1,138	60,237	56,927	3,141	60,068
Prolight + Sound NAMM Russia		81	27	108	3,510	6,886	169	7,055
Prolight + Sound Shanghai		389	32	421	15,035	22,167	1,850	24,017
	3	1,562	105	1,667	78,782	85,980	5,160	91,140
Independent – Creative & Culture								
Media Expo Delhi		176	0	176	3,855	12,994	0	12,994
Media Expo Kolkata		36	0	36	685	2,100	0	2,100
	2	212	0	212	4,540	15,094	0	15,094
Total Entertainment, Media & Creation	7	3,281	446	3,727	132,990	179,442	8,974	188,416



Country of origin and exhibitors' routes to the Frankfurt exhibition venue

- Musikmesse
- Prolight + Sound

Analysis of individual trade fairs



2014 Group management report of Messe Frankfurt GmbH, Frankfurt am Main

I. Corporate profile

The core activities of the Messe Frankfurt group consist on the one hand in hosting trade fairs and exhibitions. These are staged in Germany and abroad by Messe Frankfurt Exhibition GmbH and its subsidiaries. On the other hand, via its Messe Frankfurt Venue GmbH subsidiary, the group also markets exhibition space to trade fair and congress organisers and provides the related infrastructure and services. Both operating companies are organised under the shared umbrella of the holding company, Messe Frankfurt GmbH, which in addition to group management provides administrative services for the companies at the Frankfurt am Main venue.

The focus of the events held at the Frankfurt venue is the international industry flagship shows that are deemed to be the leading showcase within their respective industry and which present the most innovations and premieres. They bring together the relevant international range of goods and services on offer with the respective demand in Europe and worldwide. By virtue of their size and internationality, these trade fairs often have a dominant character for the respective industry sector and within the trade fair industry.

The operating activities of the foreign subsidiaries essentially comprise holding trade fairs from the group's brand portfolio for own financial account as well as marketing Messe Frankfurt events and services worldwide. In addition, the increasing interdependence of the economy is also giving more importance to the marketing of media, digital and infrastructure services. Due to the different outreach and catchment areas of the respective events, it is extremely difficult to clearly delimit the relevant trade fair market. Although there are no fixed definitions of the overall market share reached, Messe Frankfurt is generally considered to play an important role for the industry in its core business segments, as well as being a reliable long-term partner in the international arena.

Apart from Messe Frankfurt Exhibition GmbH's and its subsidiaries' own events in Germany and abroad, many guest and congress organisers take advantage of the Frankfurt venue for their trade fairs, congresses and events. Thanks to the central location, the continuously improving infrastructure and connections, as well as the new Kap Europa congress venue, both the city and Messe Frankfurt are becoming increasingly attractive and competitive.

The Messe Frankfurt GmbH corporate group is made up of the parent, nine domestic (previous year nine) and 20 foreign (previous year 18) subsidiaries, as well as six branch offices. Messe Frankfurt's powerful international sales network is managed by Messe Frankfurt Exhibition GmbH and, apart from the foreign subsidiaries, is made up of 57 sales partners, who serve and cover 161 countries.

In the reporting year, Messe Frankfurt Exhibition GmbH acquired 56 percent of the shares in the South African trade fair organiser South African Show Services (SASS) in Johannesburg. The new company is called South African Shows Messe Frankfurt (Pty) Ltd. Additionally, 55 percent of the shares in Guangzhou Li Tong Messe Frankfurt Co. Ltd. in China were acquired. This is a joint venture between Messe Frankfurt (H. K.) Ltd. and the Chinese Guangdong Toy Association (GDTA). Effective from February 2015, the subsidiary in Russia together with ITE Moscow each acquired 50 percent in Media Globe Hannover Expo CJSC, Moscow. This company will in future be called ITEMF-Expo A. O. and will continue to be headquartered in Moscow. The former EPOC Messe Frankfurt GmbH with its establishment in Dubai now operates as Messe Frankfurt Middle East GmbH.

To manage the organisation and running of the German pavilion at Expo 2015 in Milan the company established an office in Italy in October 2014.

Goals and strategies of the Messe Frankfurt group

Trade fairs mirror economic trends. For Messe Frankfurt this means that economic fluctuations, political uncertainties in some markets and sometimes radical changes in primary markets and sales channels – for example in the consumer goods industry – pose enormous challenges. In order to address these, change processes have been initiated and developed on various levels. Some of these projects will extend over several years.

Product development: The core areas of business were more clearly defined. Emphasis continued to be placed on pursuing the growth strategy within the individual thematic segments. Within the product portfolio it is intended to strive for greater diversity in future in the core market segments. Markets were also identified in which the company intends to step up future investment activities: first and foremost the home venue Frankfurt am Main, followed by the defined key markets China, India, Russia and the Middle East, as well as Turkey and South Africa. The goal of Messe Frankfurt Exhibition GmbH is to consolidate and expand its market position in Germany and all growth markets worldwide. The brand strategy remains unchanged: with trade fairs based on a flagship event – usually in Frankfurt am Main – being held in all relevant economic regions around the world. These are oriented towards the brand in terms of name, product groups and services offered.

The reporting year saw the trade fair Nordstil – Hamburg regional order days – become successfully established. This event targets retailers in Hamburg, Lower Saxony and Schleswig-Holstein (with an outreach to Denmark), and from this year will take place twice a year in cooperation with Messe Hamburg at its exhibition grounds. With Nordstil, Messe Frankfurt is continuing the 50-year tradition of regional order days in Hamburg with the active support of the relevant partners and associations.

Based on this positive experience, Messe Frankfurt is exploring the possibility of other regional trade events. Thus from summer 2015, it will run the consumer goods fair Vivanti in Dortmund in cooperation with Messe Leipzig.

Part of the business strategy is the focus on expanding digital business. As an on-site and online business matching specialist, Messe Frankfurt aims to position itself as a year-round partner for additional business for existing and potential new customers. To this end, Messe Frankfurt concluded a partnership with Google™ Germany in 2013. This gives customers the possibility to advertise with Google™ AdWords directly above or next to organic search results. Like this, Messe Frankfurt in partnership with Google™ is providing a service that channels customers' marketing efforts more efficiently and indirectly also generates new customers or additional exhibition stand visitors.

Organisational development: An extensive programme aimed at standardising organisational processes was continued. A number of structural organisation measures supported the efforts to enhance efficiency and efficacy. The Strategy and Organisation division promotes the strategic development of the group and makes projects, processes and structures more efficient and more coordinated.

Development of the trade fair venue and the infrastructure: The inauguration of the new Kap Europa congress centre near the exhibition grounds by the Messe Frankfurt Venue GmbH subsidiary in May 2014 was without a doubt one of the major infrastructure measures in the past fiscal year.

The building offers an auditorium for 1,000 people, a divisible auditorium for 600 people and 12 other conference rooms. While the Congress Center in the exhibition grounds is ideal for large-scale events requiring more space, Kap Europa services the need for flexible conference formats with numerous smaller rooms. Just in time for the opening, Kap Europa was awarded the certificate in Gold by the Deutsche Gesellschaft für Nachhaltiges Bauen e.V. (DGNB – German Sustainable Building Council). As the only building of its kind worldwide, the congress venue meets the highest sustainability standards in terms of construction and operation.

In the summer of the reporting year, the new Operation & Security Center in Hall 4 opened its doors. Apart from the central control of operations, this concentrates all safety-relevant Messe Frankfurt partners and service providers under a single roof – from police and fire service, via paramedics to operational safety and site security services – in a project that is the only one of its kind in the trade fair sector to date.

Messe Frankfurt Venue GmbH also gave the go-ahead for the construction of a new hall. The aim is to further increase the turnover rate of the exhibition grounds and create more flexible utilisation possibilities thanks to parallel occupancy of the halls and outside areas. The planned exhibition Hall 12 also paves the way for the modernisation of Hall 5, which is to be replaced over the next few years. Medium-term plans furthermore encompass the new South Entrance, as well as an office building and a hotel.

Systems adaptation: By continuing to harmonise processes and management systems, it is aimed to improve corporate governance. The internationalisation of the group, and the increased demands on all systems resulting from this development, present particular challenges.

Not least, environmental protection and sustainable management have high priority in all areas in which Messe Frankfurt operates. Messe Frankfurt is synonymous with profitable management, conservation of resources and secure jobs. The company views the safeguarding of this high reputation as its entrepreneurial provision for the future.

II. Report on economic position

General economic trend

All in all, on an annual average the German economy proved stable in 2014: according to preliminary estimates of the Federal Statistical Office (Destatis), at 1.5 percent the price-adjusted gross domestic product (GDP) was higher than in the prior period and consequently above the 1.2 percent average of the past ten years.¹ After a very positive start to 2014 and the temporary lull in the summer months, the economic situation stabilised towards the end of the year.²

The slowdown during the summer period was on the one hand caused by the reluctance on the part of companies to purchase equipment, accompanied by a decrease in building investments.³ Apart from the economic risks in the world and the euro zone coupled with the uncertainties triggered by existing and new international crises, the economic horizon was further clouded by costly reform projects initiated by the German government that had a dampening effect on employment, such as the introduction of a nationwide statutory minimum wage or the deduction-free full pension from the age of 63.⁴ On the expenditure side of the gross domestic product, consumption was the main growth driver of the German economy: private consumer spending rose in real terms by 1.1 percent and government spending by 1 percent. Investment activity also increased taken over the year as a whole.⁵

The global pace of economic growth was slower in 2014 than originally forecast, continuing a series of disappointing years. Growth rose to 2.6 percent, following 2.5 percent in 2013.⁶ This development was driven primarily by a significant decline in economic momentum in the euro zone and in Japan, while aggregated production in other advanced economies, in particular the US and the UK, continued to record strong growth rates.⁷

Developments in the trade fair sector

The general economic conditions are also reflected in the development of supra-regional trade fairs in Germany. According to preliminary figures published by the Association of the German Trade Fair Industry (AUMA),⁸ Berlin, for 2014, the number of exhibitors at the 176 supra-regional trade fairs rose by 1 percent compared to the respective prior events to 179,000 (2013: +1 percent). At 3 percent, the level of foreign participation grew at an above-average rate. As in the previous year, the amount of leased space at supra-regional shows remained more or less constant in 2014 at 6.8 million square metres. By contrast, the number of visitors increased slightly by 1 percent to 9.8 million. According to AUMA, exhibitors are optimistic about their next trade fair participations. One third of German exhibiting companies intend to invest more money in trade fair participations in Germany and abroad than in 2013/2014, and only 14 percent are planning to reduce their expenditure. A good half plan to keep expenditure at the same level. The number of trade fair participations is expected to remain more or less the same. 19 percent of companies are planning to attend more or fewer trade fairs, respectively, and 59 percent intend to keep the number of exhibition stands stable.⁹

Worldwide, many trade fair organisers are also seeing a positive trend, as the Global Association of the Exhibition Industry, UFI, notes in its Global Exhibition Barometer survey. According to the survey, a majority of organisers are assuming increased revenues for 2014, albeit with considerable regional differences depending on the situation in the respective country. This positive view is also shared for 2015, although regional and national competitors, as well as the national and international economic environment are seen as major challenges.¹⁰

¹ Federal Statistical Office – press release dated 15 January 2015 – 16/15

² Federal Statistical Office – press release dated 15 January 2015 – 16/15

³ Ifo economic report 4/2014 prepared for Messe Frankfurt

⁴ Ifo economic report 4/2014 prepared for Messe Frankfurt

⁵ Federal Statistical Office – press release dated 15 January 2015 – 16/15

⁶ World Bank Group – Global Economic Prospectus, January 2015

⁷ Ifo Institute – condensed version of the Ifo economic forecast 2014/2015 dated 11 December 2014

⁸ AUMA Compact no. 22/2014 dated 5 December 2014

⁹ AUMA Compact no. 22/2014 dated 5 December 2014

¹⁰ UFI The Global Association of the Exhibition Industry – 14th Global Exhibition Barometer, January 2015

Performance ratios – trade fairs and exhibitions

The Messe Frankfurt group staged 121 trade fairs and exhibitions worldwide in the reporting year (previous year 113). Altogether, around 84,700 exhibitors (previous year 79,600) and 3.1 million visitors (previous year 3.65 million) were registered; the total net leased area was just below 2.4 million square metres (previous year 2.4 million). These were complemented by 245 congresses, shows and other events (previous year 256) at the Frankfurt am Main venue, which attracted around 582,000 visitors (previous year 643,200). Thus, all Messe Frankfurt group events taken together drew around 3.7 million attendees in 2014 (previous year 4.3 million).

Overall activities of Messe Frankfurt in 2014

	Number	Exhibitors	Net area* (in '000 m ²)	Visitors (in '000)
Trade fairs and exhibitions				
– at the Frankfurt am Main exhibition centre	36	37,354	1,147	1,431
– at other venues in Germany	8	4,474	167	126
Total Germany	44	41,828	1,314	1,558
Other countries	77	42,880	1,061	1,526
Total trade fairs and exhibitions	121	84,708	2,375	3,084
Other activities	245			582
Total activities	366	84,708	2,375	3,666

* Including special show space

The group's exhibition centre in Frankfurt am Main was the venue for 36 trade fairs and exhibitions, including 11 events organised by Messe Frankfurt Exhibition GmbH and four trade exhibitions organised by MESAGO Messe Frankfurt GmbH, Stuttgart. These 15 own group events in Frankfurt recorded around 21,600 exhibitors (previous year 19,300) and over 834,900 visitors (previous year 744,000). More than 903,900 square metres (previous year 866,000) of exhibition space was booked for these own group events in Frankfurt. The quality of these events was reflected in their level of internationality on both the exhibitor and visitor side. 73.4 percent foreign participation among exhibitors and 47.9 percent among visitors at Messe Frankfurt's international own group events at its home venue are indicators of maximum market transparency and customer benefit on both the supply and demand side. They represent peak values in the competitive environment. By way of comparison: AUMA puts the average internationality rates for Germany as a trade fair venue at 57 percent for exhibitors and 26 percent for visitors.

21 guest fairs, including ten for the general public and one trade exhibition, completed the events portfolio at the Frankfurt exhibition venue. One specificity of the trade fair sector is that individual business years are not directly comparable to the year before because – by virtue of the different event rhythms – the same events are not always held every year. Due to the rotation of events, the reporting year was stronger in terms of the number of own events: the sum of the trade fair figures for the events with a multi-year rhythm in 2014 (Automechanika and Light + Building) is higher than the sum of the key figures for ISH, IFFA, Techtextil and Texprocess, which took place in 2013.

One of the most important guest events is the annual Frankfurt Book Fair, at which exhibitor and visitor participation remained stable and a new concept was applied in 2014. This is to be consolidated in 2015 with a new hall layout. Also taking place annually, IMEX noted a slight increase on both the exhibitor and visitor side. Despite lower key parameters compared to the previous year, EuroMold asserted its position as an international industry meeting place in 2014, although it increasingly faces stronger competition. For example in the reporting year, a new rival event to be held in Stuttgart from spring 2015 was announced. Before the end of last year's show, the organiser of EuroMold also announced that from 2015, the event was to be moved to Düsseldorf. MESAGO Messe Frankfurt GmbH revealed plans to launch a new industry trade fair, Formnext, at the Frankfurt venue from autumn 2015. As new events, Safety 2014 Germany – World Congress for Safety and Health at Work – and Cosmetica Frankfurt – cosmetics trade fair – were staged for the first time in 2014 and together welcomed more than 33,000 visitors to the exhibition centre. Held every two years in May, Optatec once again recorded increases for all exhibition parameters. Viscom, organised by Reed, stabilised its exhibitor numbers, but recorded a slight decline in visitor attendance. Land & Genuss organised by the Deutsche Landwirtschaftsgesellschaft (DLG – German Agricultural Society) and Airtec rounded off the portfolio of guest events staged at the Frankfurt exhibition venue. Taken altogether, these guest events drew some 15,700 exhibitors (previous year 18,600) and around 596,300 visitors (previous year 1.43 million). The overall decline in the number of visitors is explained by the fact that due to the rotation of events the crowd-puller IAA Cars, which alone attracts in excess of 881,000 visitors, was not held in the reporting year.

At other trade fair venues in Germany eight events were hosted by Messe Frankfurt Exhibition GmbH and MESAGO Messe Frankfurt GmbH, Stuttgart. In spring and autumn, Messe Frankfurt Exhibition GmbH staged the Greenshowroom and the Ethical Fashion Show in Berlin, and in Hamburg Nordstil was also held in spring and autumn.

SPS IPC Drives, PCIM Europe, SMT Hybrid Packaging (all Nuremberg) and EMV (Düsseldorf) belong to the portfolio of MESAGO Messe Frankfurt GmbH. These events in Germany outside Frankfurt counted around 4,500 exhibitors and some 126,300 visitors. The total net leased area came to around 167,000 square metres.

Foreign operations (trade fairs and services offered outside Germany) again contributed significantly to Messe Frankfurt's successful operating result in the reporting year: at 77 events (previous year 70), some 42,900 exhibitors (previous year 38,800) showcased their product and services portfolios to almost 1.5 million visitors (previous year 1.4 million) on around 1,060,600 square metres of exhibition space (previous year 935,200). Thus the group's own trade fairs held outside Germany once again demonstrated their relevance in 2014. Asia remained the regional focus of overseas business with 46 events in the reporting year, 27 of which were held in China alone. Another attractive exhibition region for Messe Frankfurt was the EMEA (Europe, Middle East, Africa) economic area. 20 trade fairs were held in this region. In the Americas, the American subsidiaries of Messe Frankfurt Exhibition GmbH organised 11 trade fairs in the year under review.

As part of the optimisation of its product spectrum, Messe Frankfurt Exhibition GmbH also expanded its portfolio outside Germany in fiscal 2014. A total of 11 new events in South Africa, Turkey, China, Japan and India opened their doors for the first time in 2014.

In addition to designing and staging its own events, Messe Frankfurt organised 15 German pavilions at foreign trade fairs. These relate to trade fair participations organised and held on behalf of the Federal Ministry for Economic Affairs and Energy. In the respective country they facilitate entry into the market for small and medium-sized enterprises.

Furthermore, the realisation of the German pavilion at Expo 2015 in Milan on behalf of the Federal Ministry for Economic Affairs and Energy moved ahead and work on constructing the pavilion started in April as scheduled. The tendering procedures for the cultural programme as well as security and cleaning services were also completed. Personnel recruiting got under way as early as August, since 160 hosts and hostesses needed to be found to take care of the visitors.

Congresses, conventions and Festhalle events

Apart from guest shows and exhibitions, Messe Frankfurt Venue GmbH hosted 138 congresses and meetings (previous year 75) as well as 92 (previous year 58) events. With around 116,800 participants, the number of participants increased accordingly compared to the previous year (100,400). 50 of these congresses and meetings with around 20,000 participants were held at the new Kap Europa congress venue. More than 465,000 guests were drawn to the show events held above all in the tradition-steeped Festhalle. These included concerts, sporting events, shows, as well as company events. Sporting attractions included the BMW Frankfurt Marathon with the finishing line in the Festhalle and the International Festhalle Riding Tournament with accompanying exhibition. Musical highlights included concerts by Helene Fischer, David Garrett and the "Night of the Proms", in addition to Udo Jürgens, Linkin Park, Miley Cyrus and Sunrise Avenue. In the show segment, classic events such as the multi-day "Holiday on Ice" with costumes designed by Harald Glöckler and the two-day show featuring Mario Barth topped the bill.

Service management

Messe Frankfurt and its subsidiaries in Frankfurt am Main provide a wide range of services for exhibitors and visitors as well as trade fair organisers. These extend from power connections and surveillance, through to customised stand construction and catering. To ensure everything goes like clockwork on the day, Messe Frankfurt works in close cooperation with numerous service partners. At major events, as many as 50 service partners with 5,000 employees have to be managed on site.

Personnel

On 31 December 2014, the Messe Frankfurt group employed 2,130 active people worldwide, 131 more than at the end of 2013. In Germany, the headcount rose from 1,223 to 1,272 and outside Germany from 776 to 858.

This renewed increase in the number of employees is accounted for by the expansion of business in particular in Dubai and India, as well as the new subsidiary in South Africa.

Corporate culture/code of conduct

In a two-year process, the employees of Messe Frankfurt have jointly developed a code of conduct. The result is a set of guiding principles that serve as a basis for interaction with one another, which have been arranged as a notebook. This notebook was an important element for the subsequent series of workshops in which all employees in different team configurations reflected on the issues addressed in the code of conduct and came to agreements about how to work together.

Initial and in-service training

The in-house seminar programme set up in 2013 to promote leadership skills was extended and a new seminar implemented on "health-conscious management".

In order to support the new "exhibition space marketing" core process, an extensive training programme was developed and conducted for all operating units of Messe Frankfurt Exhibition GmbH.

Since 1 October 2014, Messe Frankfurt is for the first time offering a combined dual study course in "Media and Communications" in cooperation with the Baden-Württemberg Cooperative State University Ravensburg (DHBW).

Overall, the employees of the Messe Frankfurt group responded extremely well to the demands imposed on them as a result of growing operational business activities. All staff once again showed a remarkable level of competence as well as unswerving and flexible efforts in 2014. The Executive Board would like to take this opportunity to thank all employees and congratulate them on the business results achieved.

III. Description of the position of the company

Results of operations

The business trend is also mirrored in the development of group sales. At €554.2 million, sales in 2014 reached a new record high that was €9.4 million, or 1.7 percent, up on the previous year. In contrast to the previous year, the growth of the group was generated principally by the non-German subsidiaries, which at €197.9 million increased sales by €31.3 million, or 18.8 percent. The main drivers of this sales increase were the subsidiaries in Asia (€+18.4 million), Dubai (€+3.9 million) and the USA (€+3.1 million).

On the domestic front, by contrast, sales were down by €21.9 million to €356.3 million due to the weaker event calendar, as neither the high sales-generating guest event IAA Cars (two-yearly rhythm) nor ACHEMA (three-yearly rhythm) were held. This impacted in particular on Messe Frankfurt Venue GmbH as well as Accente Gastronomie Service GmbH, which achieved lower sales with a consolidated figure of €73.3 million (€-32.3 million) and €25.9 million (€-2.3 million) respectively. This could not be compensated by the increased earnings of Messe Frankfurt Exhibition GmbH (€+12.9 million), which by virtue of the rotation of events generally performs better in even-numbered years.

Measured against 2012, which has a more readily comparable event structure, the picture is also similar: sales revenue group-wide was up by €17.3 million, or 3.2 percent. In this context, the decline in sales at Messe Frankfurt Venue GmbH and Accente Gastronomie Service GmbH was more than offset by the increased earnings of Messe Frankfurt Exhibition GmbH and MESAGO Messe Frankfurt GmbH, as well as of the foreign subsidiaries.

Group sales fell short of the target of €561.5 million forecast for the year by €7.3 million, which is equivalent to a deviation of around 1.3 percent. However, this was the result of opposing effects. First, the euro was stronger than projected for the major currencies used across the group, which led to a negative currency translation effect of €12.5 million. Furthermore, planned sales revenues from acquisitions will not be recognised until 2015. On the other hand, these deficits were partly compensated by intensified turnkey business in Hong Kong,¹¹ sales increases in particular in Argentina, Turkey and France, as well as growth at the own events in Frankfurt.

¹¹ All-inclusive service for exhibitors for a trade fair participation

Messe Frankfurt Exhibition GmbH with its key international flagship fairs continues to be the mainstay of group sales (37.5 percent) and generated consolidated sales of € 210.5 million compared to € 197.6 million in the previous year. This can be explained by the two-year rhythm of Automechanika and Light + Building, which are held in even-numbered years. Measured against 2012, which has a more readily comparable trade fair portfolio, earnings were up by around € 9.2 million.

Sales development (consolidated)

	2012 € m	2013 € m	2014 € m	Change compared to	
				2013 in % ⁴	2012 in % ⁴
Germany					
Messe Frankfurt Exhibition GmbH, Frankfurt	201.3	197.6	210.5	6.5	4.6
Messe Frankfurt Venue GmbH, Frankfurt	95.0	105.6	73.3	-30.6	-22.8
MESAGO Messe Frankfurt GmbH, Stuttgart ¹	25.3	27.5	27.3	-0.7	7.9
Messe Frankfurt Medien und Service GmbH, Frankfurt	18.1	19.3	19.3	0.0	6.6
Accente Gastronomie Service GmbH, Frankfurt	28.7	28.2	25.9	-8.2	-9.8
Total Germany	368.4	378.2	356.3	-5.8	-3.3
Other countries					
Messe Frankfurt France S.A.S., Paris	15.6	16.0	18.4	15.0	17.9
Messe Frankfurt Italia Srl., Milan	3.8	4.9	5.4	10.2	42.1
Messe Frankfurt Istanbul L.S., Istanbul	0.0	1.6	1.9	18.8	++
O.O.O. Messe Frankfurt RUS, Moscow	8.8	8.8	8.2	-6.8	-6.8
EPOC Messe Frankfurt GmbH, Frankfurt/Dubai	14.7	18.6	22.5	21.0	53.1
Messe Frankfurt Asia Holding Ltd., Hong Kong ²	104.3	105.5	123.9	17.4	18.8
Messe Frankfurt Inc., Atlanta ³	6.2	3.8	6.9	81.6	11.3
Messe Frankfurt México S.de R. L. de C.V., Mexico City	0.1	0.1	0.1	0.0	0.0
Indexport Messe Frankfurt S. A., Buenos Aires	15.0	7.3	9.9	35.6	-34.0
South African Shows Messe Frankfurt (Pty) Ltd., Johannesburg	0.0	0.0	0.7	++	++
Total other countries	168.5	166.6	197.9	18.8	17.4
Group sales	536.9	544.8	554.2	1.7	3.2

¹ Sub-group

² Sub-group including the subsidiaries: Messe Frankfurt (H.K.) Ltd., Hong Kong; Messe Frankfurt (Shanghai) Co. Ltd., Shanghai; Guangzhou Guangya Messe Frankfurt Co. Ltd., Guangzhou; Guangzhou Li Tong Messe Frankfurt Co. Ltd., Guangzhou; Messe Frankfurt New Era Business Media Ltd., Hong Kong; Messe Frankfurt New Era Advertising (Shenzhen) Co. Ltd., Shenzhen; Mesago Messe Frankfurt Corp., Tokyo; Messe Frankfurt Korea Ltd., Seoul; Messe Frankfurt Trade Fairs India Pvt. Ltd., Mumbai

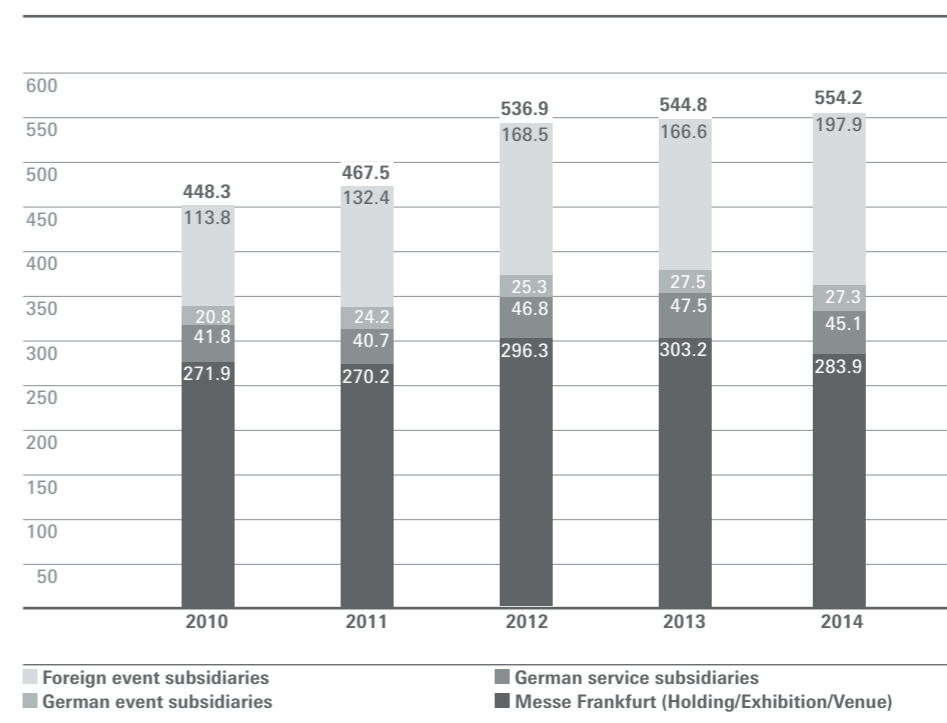
³ Including PAACE Automechanika Mexico, LLC, Atlanta

⁴ Deviations of more than 100% are shown with ++ or --

By contrast, the Messe Frankfurt Venue GmbH subsidiary posted consolidated sales of € 73.3 million, which due to the rotation of events was € 32.3 million lower than the previous year's level. This figure was also € 21.7 million lower than the 2012 level (€ 95.0 million). The reason for this is that in 2012 the crowd-puller AACHEM, which opens its doors every three years, also took place.

Together with the sales developments of the service subsidiaries Accente Gastronomie Service GmbH and Messe Frankfurt Medien und Service GmbH, consolidated sales of € 329.0 million were generated at the Frankfurt am Main venue, which corresponds to around 59 percent of group sales (year on year: 2013 € 350.7 million, 2012 € 343.1 million).

Group sales development (consolidated) in € m



With sales of € 27.3 million, MESAGO Messe Frankfurt GmbH in Stuttgart achieved almost the same figure as in the previous year (€ 27.5 million). The slight drop in sales is accounted for by the successful transfer of PCIM Asia to the portfolio of the Chinese sister company in Guangzhou and the Parken trade fair, which did not take place in the reporting year. Due to the continued positive development of SPS IPC Drives, International Exhibition & Conference for Electric Automation, as well as the premiere of Zellcheming-Expo, these deficits were almost fully compensated.

Outside Germany, foreign sales in the reporting period totalled € 197.9 million following € 166.6 million in the previous year, and thus accounted for 35.7 percent of group sales (previous year 30.6 percent). In particular, the Asian companies combined in the Messe Frankfurt Asia Holding Ltd. sub-group positively affected this result. They made a consolidated contribution to sales of € 123.9 million compared to € 105.5 million in the previous year (€ +18.4 million). The EMEA companies also showed a highly positive development. With an increase in sales in Dubai of € 3.9 million to € 22.5 million and in France of € 2.4 million to € 18.4 million new record sales levels were reached in both countries. The companies in Italy and Turkey also each raised sales by € 0.5 million and € 0.3 million respectively. Only the subsidiary in Russia, with € 8.2 million, posted a decline in sales over the previous year (€ 8.8 million) due to the weak rouble. In the USA, the rotation of events meant that sales were € 3.1 million higher than in the previous year, at € 6.9 million. The Argentine company, which as in previous years reported highly successful congress and convention business, also increased sales by € 2.6 million to € 9.9 million. Last, but not least, the subsidiary in South Africa acquired during the reporting year achieved sales of € 0.7 million.

Profits were almost equal to the previous year's figure for the group. With a figure of €47.3 million prior to taxes on income, earnings were down by €1.8 million, or 3.7 percent, on the previous year (€49.1 million). Compared to 2012, however, earnings were €11.2 million higher.

Profit development

	2012 €'000	2013 €'000	2014 €'000	Change compared to	
				2013 in %	2012 in %
Earnings before taxes on income	36,104	49,135	47,332	-3.7	31.1
Taxes on income	11,472	14,460	13,927	-3.7	21.4
Consolidated net income for the financial year	24,632	34,675	33,405	-3.7	35.6

Apart from operating income from the annual reversal of the equity-similar special reserve for subsidies or grants for the acquisition of fixed assets (€2.1 million), other operating income (€19.2 million) principally includes the reversal of provisions (€5.0 million; previous year €2.7 million) for unperformed maintenance work which was not carried out for reasons of time, income arising from exchange rate fluctuations amounting to €9.7 million, as well as income from impaired receivables (€0.8 million).

Income stands vis-à-vis operating expenses totalling €519.1 million (previous year €502.7 million), which is €16.4 million, or 3.3 percent, higher than in the prior period. Event-related expenses are the biggest expense item with €266.2 million, after €261.4 million in 2013. This corresponds to a cost/income ratio of 48.0 percent, which is unchanged from the previous year's level.

Event-related expenses include all expenses directly related to events. They are in general variable costs and therefore develop by analogy with sales. As well as costs for visitor advertising, press relations, sales commissions and marketing, they also include all costs for services (for example hostess services), as well as rental of external halls and maintenance of the Frankfurt am Main exhibition grounds. The latter showed an increase of €8.3 million over the previous year as renewed high expenditure on buildings and technical equipment was necessary.

Personnel expenses developed somewhat disproportionately. The €7.3 million, or 5.9 percent, increase in personnel expenses was due to the rise in the average number of employees (+140), as well as to salary adjustments and the impacts of collective bargaining agreement changes and collectively agreed salary increases at the Frankfurt venue. Due to the further planned expansion of business in particular internationally, the personnel costs ratio increased from 22.6 percent in the previous year to 23.6 percent in the reporting year. Depreciation, amortisation and write-downs on the other hand showed a decrease of €4.4 million to €52.0 million. This is explained in particular by the fact that some halls reached the end of their estimated useful life. Other operating expenses were recognised in the amount of €70.2 million, an increase of €8.6 million over the previous year. This account includes all expenses that are not directly related to events, such as office expenses, interim agency staff, expenses related to exchange rate differences, as well as consulting and corporate marketing. The increase results in particular from higher expenses related to exchange rate differences, as well as office expenses.

At €-2.4 million, the financial result/net interest income is slightly better than in the previous year (€-2.6 million). In addition to a decline of €0.8 million in interest income to €1.5 million, interest expenses also fell by €1.0 million to €3.9 million compared to the prior period. Interest expenses result from the bank loan taken out by Messe Frankfurt Venue GmbH to finance the building of Hall 3.

Interest expenses have declined in line with scheduled repayments totalling €9.6 million.

This produces a result from ordinary operating activities of €51.1 million, after €53.7 million in the previous year.

Net of taxes on income (€13.9 million) and other taxes (€3.8 million), the group recognised consolidated net income for the year of €33.4 million, which is the third-best result in the company's history after 2008 (€35.9 million) and 2013 (€34.7 million).

This produces a return on sales after taxes of 6.0 percent, after 6.4 percent in the previous year. In relation to equity at the beginning of the year (€427.3 million) this results in a return on equity of 7.8 percent (previous year 8.4 percent).

Compared to planning, earnings before taxes on income increased by €11.9 million. Despite lower sales as well as higher expenses for maintenance and servicing (€+4.1 million), in particular lower event-related and other operating expenses totalling €20.8 million had a positive effect. Furthermore, personnel expenses were €2.7 million below plan, mainly due to currency effects. A further positive factor was the financial result, which was €0.3 million higher than forecast.

The development in the operating performance is mirrored in the EBITDA (Earnings before Interest, Taxes, Depreciation and Amortisation) earnings indicator. This was €101.7 million in the reporting year, after €108.1 million in the previous year. As a percentage of sales, the EBITDA margin for the financial year is 18.4 percent (previous year 19.9 percent).

EBITDA development

	2012 €'000	2013 €'000	2014 €'000	Change compared to	
				2013 in €'000	2012 in €'000
Consolidated net income for the financial year	24,632	34,675	33,406	-1,269	8,774
Taxes on income	11,472	14,460	13,927	-533	2,455
plus financial result	4,725	2,609	2,373	-236	-2,352
Depreciation, amortisation and write-downs	61,466	56,402	52,034	-4,368	-9,432
Group EBITDA	102,295	108,146	101,740	-6,406	-555
EBITDA margin	19.1%	19.9%	18.4%		

The following presents the results before consolidation of the companies and sub-groups included in the consolidated financial statements.

Messe Frankfurt GmbH as parent disclosed a net income for the financial year of €25.3 million, after €28.1 million in the previous year. Despite higher other operating income (€+1.0 million), this development can for the most part be attributed to a lower financial result (€-7.1 million). €0.6 million higher material costs, personnel expenses up by €1.4 million and other operating expenses down by €0.3 million are billed to the subsidiaries via the intercompany administrative charge, resulting in an increase in sales revenues to €48.0 million. The development of the financial result is explained on the one hand by the improved net interest income (€+0.3 million), as well as by lower profit transfers from the subsidiaries (€-7.5 million), due to profit and loss transfer agreements with Messe Frankfurt Exhibition GmbH and with Messe Frankfurt Venue GmbH. Including income tax allocation, these companies transferred €26.2 million and €1.8 million respectively to the parent. In the prior reporting period a bottom-line net investment income of €35.5 million was recognised.

Messe Frankfurt Exhibition GmbH reported earnings before taxes on income and profit transfer of €26.2 million (previous year €16.2 million). The increase compared to the previous year is mainly explained by the fact that due to the multi-year rhythm of some events, from the perspective of Messe Frankfurt Exhibition GmbH even-numbered years tend to produce higher profits. For example the sales total of the multi-year events held in the 2014 reporting period (Automechanika and Light + Building) is higher than the total of the multi-year events held in 2013 (ISH, IFFA, Techtextil and Texprocess). This led to sales of €244.0 million, €22.1 million higher than the previous year's level. Despite higher event-related expenses due to the rotation of events (€+13.9 million), as well as increases in depreciation, amortisation and write-downs (€+1.4 million) and personnel expenses (€+0.7 million), in conjunction with other operating expenses (€+0.2 million), the operating result was €-0.8 million (previous year €-8.0 million). The financial result also improved by €2.7 million due to higher investment income from the subsidiaries. This relates in particular to higher investment income of Messe Frankfurt Middle East GmbH, as well as the subsidiaries in Turkey and Russia, compared to the previous year.

For Messe Frankfurt Venue GmbH the 2014 financial year was less profitable due to the rotation of events, since the major guest events International Motor Show IAA Cars and ACHEMA were not held. Despite higher sales – also determined by the events calendar – with the affiliated company Messe Frankfurt Exhibition GmbH, a number of smaller new events and enhanced congress and event business, it was not possible to offset these declines in sales. In line with this trend, sales revenues before consolidation amounted to €174.9 million (previous year €201.5 million). Expenses came to €179.1 million, compared to €187.9 million in the previous year. This decline (-4.7 percent) results in particular from the reduction in event-related expenses, which decreased by €5.5 million to €87.0 million. At €34.8 million, depreciation, amortisation and write-downs were below the previous year's level (€42.6 million). Personnel expenses on the other hand rose year-on-year by €0.7 million, or 3.8 percent, to €19.2 million as a result of collectively agreed salary increases and higher personnel-related provisions. Other operating expenses, which primarily include administrative charges of Messe Frankfurt GmbH, incidental office space costs, as well as rental and lease expenses, with €38.1 million, increased compared to the previous year (€34.3 million). The reason for this was higher administrative charges, coupled with an increase in value adjustments on receivables and the employment of more interim agency staff.

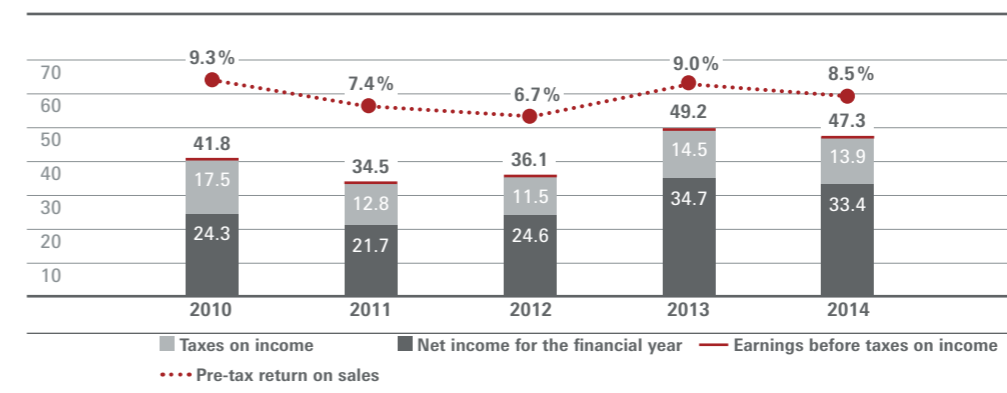
At €5.2 million, the financial result was €1.2 million higher than in the previous year. On the one hand bottom-line net interest income improved from €-5.0 million to €-4.9 million, while on the other hand profit transfers from the Messe Frankfurt Medien und Service GmbH and Accente Gastronomie Service GmbH subsidiaries rose by €1.0 million compared to the previous year to €10.1 million in total.

This leads to earnings before taxes and profit and loss transfers of €1.8 million, after €19.0 million in the previous year.

The operating results of the German and foreign subsidiaries of Messe Frankfurt Exhibition GmbH showed a differentiated development, which produced a bottom-line net retained profit in the reporting year of €23.5 million, after €20.8 million in the previous year. The Asian sub-group contributed €12.6 million of this amount in the reporting year, after €11.7 million in 2013. This increase is explained in particular by the development of the subsidiary in Hong Kong. Other notable contributors to group profit were Messe Frankfurt Middle East GmbH with its branch office in Dubai with €5.2 million (previous year €4.3 million), as well as the subsidiaries in Russia with €2.4 million (previous year €1.5 million) and France with €1.8 million (previous year €1.8 million) respectively. While the subsidiaries in South Africa, Brazil and Mexico, as well as Messe Frankfurt New Era in Hong Kong and Guangzhou Li Tong Messe Frankfurt Co. Ltd., posted net losses for the year, all other event and marketing companies recognised positive results for the year. The domestic subsidiary MESAGO Messe Frankfurt

GmbH in Stuttgart, with earnings before taxes and profit transfer of €8.8 million (previous year €8.6 million), was also an important contributor to group profit.

Consolidated earnings before taxes on income and pre-tax return on sales (in € m)



Net worth and financial position

The fixed assets of the Messe Frankfurt group are made up primarily of land and buildings as well as trade fair rights and goodwill. In the year under review, additional investments were made amounting to around €55.8 million (previous year €48.1 million). €28.6 million of this investment amount was apportioned to intangible assets for the acquisition of shares in the companies in South Africa and in Guangzhou (China), as well as the purchase of trade fair rights. A further €27.2 million was invested in tangible assets, with €8.5 million of this amount being accounted for by equipment and office supplies, and €4.5 million by operating facilities in the halls. An investment amount of €6.6 million was recognised for other infrastructure measures, in particular the land and building of Kap Europa, car park reinforcements and the greening of the Rebstock site. The remaining additions to fixed assets were posted for smaller infrastructure measures. Net of depreciation, amortisation and write-downs amounting to €52.0 million and disposals of fixed assets, fixed assets totalling €599.7 million (previous year €601.5 million) are shown in the balance sheet at year's end 2014, which corresponds to a share of around 69 percent of total assets (€863.5 million).

Current assets increased by €47.3 million to €260.4 million. In addition to other assets (€+11.0 million), securities increased by €16.1 million and the amount of cash-in-hand and bank balances by €29.5 million. This was offset by trade receivables and inventories, which declined by €8.4 million and €0.8 million respectively compared to the previous year.

On the equity and liabilities side, €453.2 million is shown in the balance sheet under equity on the basis of the earned net income for the 2014 financial year (€33.4 million), profit distributions (€16.9 million) and the change in minority interests (€5.3 million), as well as the changes in equity resulting from foreign currency translation differences (€4.1 million), which is €25.9 million higher than the previous year's figure (€427.3 million). This corresponds to an equity ratio of around 52.5 percent and leads to a tier 1 equity/fixed assets ratio of around 76 percent. Together with the equity-similar special reserve for subsidies or grants for the acquisition of fixed assets (€21.1 million) and deferred income, which for the most part is also available over the long term, of €23.9 million, as well as medium- and long-term provisions (€22.4 million) and the long-term bank loans (€57.6 million), the tier 2 equity/fixed assets ratio increases to 96 percent.

At €83.5 million, provisions changed only marginally compared to the previous year (€–0.4 million). Apart from the separately disclosed provisions for pensions and taxes (€–0.3 million and € +1.1 million respectively over the previous year), these primarily include provisions for deferred maintenance and building modernisation commitments, indemnification claims from agents, claims from employees, as well as outstanding invoices, amounting to around €51.6 million (€–1.2 million compared to the previous year) in total.

Group liabilities amount to €272.7 million (previous year €253.6 million). This corresponds to around 32 percent of total equity and liabilities, and leads to a debt/equity gearing ratio of around 60 percent compared to around 59 percent in the previous year. In the course of 2014, Messe Frankfurt Venue GmbH made scheduled repayments on loans in an amount totalling €9.6 million. On the other hand, payments on account received from exhibitors for the trade fairs in Q1 2015 increased by €34.6 million compared to the prior period. This increase can be attributed particularly to the biennial rhythm of the ISH trade fair, which by virtue of the rotation of events features on the 2015 event calendar. Furthermore, other liabilities were €5.9 million higher due to a rise in the VAT burden and trade payables increased by €0.1 million.

Financing

The cash flow from investing activities (€59.4 million) as well as from financing activities (€26.6 million) was financed from available liquidity as well as from the positive cash flow from operating activities (€112.1 million), resulting in an increase in cash funds of €26.9 million to around €165.7 million. This produces the following abstracted values and changes in cash funds:

Development of cash funds

Cash flow statement (condensed)	2012 € m	2013 € m	2014 € m
Cash funds at beginning of period	76.4	109.9	138.8
Cash flows from operating activities	127.9	100.0	112.1
Cash flows from investing activities	–41.8	–20.7	–59.4
Cash flows from financing activities	–52.6	–50.4	–26.6
Net change in cash funds	33.5	28.9	26.1
Effect on cash funds of changes in the reporting entity structure	0.0	0.0	0.8
Cash funds at end of period	109.9	138.8	165.7

IV. Report on post-balance sheet date events

After completion of fiscal 2014 and up to preparation of the consolidated financial statements and group management report, no events having a material impact on the position of the group occurred.

V. Report on expected developments, opportunities and risks

The mood in the German economy at the beginning of 2015 is no longer as optimistic as it was a year ago. This is evident from the latest survey among 48 trade associations conducted by the Institut der deutschen Wirtschaft Köln e. V. (IW – Cologne Institute for Economic Research).¹² Production volumes and revenues are expected to increase only marginally. Employment will probably remain stable. The sluggish economy in the euro zone, the Ukraine crisis, the minimum wage debate and unclear energy policy have left their marks on the German economy according to the results of the survey. The associations are confident when it comes to production. For 2015, as many as 23 of the 48 associations surveyed expect their member companies to achieve higher production volumes than in 2014 – with only four anticipating a decline.¹³ This is also confirmed by the Ifo Institute, which predicts increased investment in new plant and assumes higher utilisation of production capacities, making investments in expansions more urgent.¹⁴

For the euro zone, the Ifo Institute continues to project weak economic momentum, while the global economy will pick up. In the USA and the UK, the recovery is likely to continue, while in India and a number of East Asian emerging economies production is expected to expand at a faster pace. Overall, global economic output is forecast to increase by 3 percent in 2015. Growth in world trade, an important benchmark for the trade fair industry, is predicted to increase by 4 percent (after 2.6 percent in the previous year).¹⁵

The Association of the German Trade Fair Industry, AUMA, is anticipating stable to slightly higher trade fair figures for 2015 compared to the previous events. For 2015, a total of 161 trade fairs of international or national importance are planned in Germany, which are expected to draw 168,000 exhibitors who will showcase their products and services to 9.6 million visitors on 6.1 million square metres of exhibition space. All three figures could show a slight increase by the end of the year or – based on the cautious growth forecasts of major sectors with a high affinity for trade fairs, such as mechanical engineering and electrical engineering – are expected to at least remain stable. The retail and trades sectors, which represent important groups of trade visitors, are expecting sales to remain largely stable. Furthermore, interest on the part of foreign exhibitors and visitors is continuing to grow at a disproportionately high rate.¹⁶

Market, industry and event risks

The Messe Frankfurt group is as a whole reliant on the general economic situation and developments in the sectors in which events are either already established or new events are planned. Messe Frankfurt attempts to secure the loyalty of event organisers, exhibitors and visitors through long-term customer retention strategies. Ongoing globalisation and the growing importance of foreign operations are also demanding optimised globally coordinated customer approach and customer care systems.

Apart from the general risk resulting from cyclical fluctuations, Messe Frankfurt at the same time seeks to identify resulting opportunities, aimed for example at further growth through acquisitions or cooperation agreements and at strengthening profitability. These projects and their associated risks were managed by introducing corresponding personnel and organisational measures to ensure a successful implementation of the new events and business segments in Germany and abroad.

Changes in individual sectors or event locations offer opportunities for own new developments. For example, the concept of Formnext, a specialised format for tool making and mould making as well as additive technologies / 3D printing, presents a good opportunity to establish this new event at the Frankfurt venue.

¹² AUMA Compact no. 01/2015 dated 14 January 2015

¹³ IW Institut der deutschen Wirtschaft Köln / Cologne Institute for Economic Research – press release no. 55 dated 28 December 2014

¹⁴ Ifo Institute – condensed version of the Ifo economic forecast 2014/2015 dated 11 December 2014

¹⁵ Ifo economic report 4/2014 prepared for Messe Frankfurt

¹⁶ AUMA Compact no. 01/2015 dated 14 January 2015

With a view to the further internationalisation of event business, two directions are pursued: on the one hand Messe Frankfurt is making every possible effort to enhance the internationality of its flagship fairs in Frankfurt. On the other hand – in addition to continuously developing established products – Messe Frankfurt is also forging ahead with the organisation of events outside Germany. In fiscal 2015, 14 new events are planned group-wide, seven of which will make their debut in Asia, three in Europe, two in America and one each in Africa and the Middle East.

The economic problems being experienced in major event sectors worldwide, combined with structural difficulties such as ongoing concentrations in the retail sector, represent a serious challenge across the globe for brands such as Paperworld, Musikmesse or Heimtextil. Many companies in these sectors have either disappeared from the market altogether or are reducing or cancelling their trade fair participations. It is intended to compensate these developments through new concepts, consolidation and intensified acquisition measures.

Risks outside Germany

Although Messe Frankfurt does not host any trade fairs in politically risk-prone regions, wars or terrorist activities nevertheless pose a general risk. Uncertainty over future political developments in North Africa could, however, pose difficulties for the subsidiary in Dubai in winning exhibitors and visitors for its events. The same goes for events organised by the subsidiary in Istanbul due to the political tensions there, as well as in Russia following events in the Ukraine.

Experience shows that once they have successfully established a subsidiary or marketing company, internationally operating exhibiting companies frequently leave it up to them to decide whether to participate at foreign events.

Even in the boom regions like China, the market is in the meantime experiencing consolidation and mergers, which can lead to declining exhibitor numbers in the affected sectors.

The exhibition market in Europe is largely saturated. Furthermore, the economic situation in some regions remains volatile, also affecting some subsidiaries (Russia, Argentina, Middle East). This implies an inherent risk of losing events and, consequently, market shares in the countries concerned, further exacerbated by difficult-to-plan political decisions affecting the exhibition sector in some countries.

Messe Frankfurt and its subsidiaries counter this with their quality standards and an international sales network, making it possible despite these obstacles to organise high-quality trade fairs with a much more international flavour.

A further risk for the subsidiaries arises out of the fact that they do not have their own exhibition grounds and are therefore dependent on local exhibition infrastructures and exhibition site operators. On the other hand, this also allows the subsidiaries greater flexibility, making it easier for them to respond to regional shifts in the market and economic sectors with a change of venue. Challenges lie in finding suitable timeslots and in the quality of sufficient hall facilities. The severely tightened security requirements that trade fair organisers have to meet also harbour risks.

Additional risks arise in the case of events organised or marketed together with a partner. Despite extensive checks at the outset of cooperation, unforeseeable errors of judgement cannot be ruled out.

Some subsidiaries have a relatively small event portfolio that is often focused on just a few themes. This results in greater dependency on individual events and sectors. This risk is countered by the further rolling out of brand events, developing new trade fair themes and providing additional services.

Subsidiaries that depend strongly on the marketing of individual events such as Tendence or Texworld are collaterally affected if these events experience a negative trend.

Site/construction risks

The ongoing modernisation of the exhibition centre in Frankfurt am Main is a prerequisite for fulfilling growing customer needs. Risks may arise as a result of additionally required construction and maintenance measures that only come to light in the course of refurbishment work or unexpectedly become necessary at short notice as a result of security regulations.

The risk of catastrophes, pandemics or crises jeopardising individual events or the exhibition centre is countered by corresponding insurance policies and security measures, such as coordinated group-wide emergency plans and communication measures, as well as the activities of the Operation & Security Center.

Administrative risks

In its financing activities, the company as a matter of principle pursues a conservative strategy with respect to interest rate risks. The aim is to avoid interest rate risks that have a negative impact on earnings as far as possible. However, advantage is taken of opportunities presented by the respective market situation to reduce or minimise interest expenses. It is in general only permitted to make use of derivatives in connection with underlying transactions.

The company applies hedge accounting in order to reduce earnings fluctuations resulting from foreign currency risks as far as possible. The use of foreign-currency derivatives is tied to underlying transactions or binding budget assumptions. Currently, at 31 December, Messe Frankfurt GmbH uses a currency swap to hedge an intercompany deposit of Messe Frankfurt Asia Holding Ltd. in the amount of HKD 20.0 million, as well as a forward exchange transaction of Messe Frankfurt Exhibition GmbH to hedge the final purchase price payment for the shares in South African Shows Messe Frankfurt (Pty) Ltd. due in 2016.

The group as far as possible eliminates liquidity risks and the default risk on receivables by invoicing its services and demanding payment ahead of the event. Furthermore, the group entities also have adequate credit control and effective arrears collection systems in place. Defaults on receivables therefore only occur in exceptional cases.

In light of the increasing globalisation of the group and the growing importance of foreign operations, establishing and optimising globally coordinated systems and structures constitutes a permanent challenge. Increasing exigencies in the fields of governance and data privacy, above all when accompanied by growing internationalisation, may lead to higher expenditure in order to fulfil legal requirements and regulations.

Other risks

Over and above those disclosed, no risks that pose a threat to the existence or future development of the company are currently anticipated.

Risk management system

The Messe Frankfurt group has consolidated all opportunities and risks as well as measures taken within the company to control risk in a uniform and consistent risk management system. This system also encompasses the group subsidiaries.

Early-warning signals have been defined to enable future development risks to be identified in a timely manner. These include, for example, developments in the individual economic sectors, activities by competitors and exhibitor and visitor development.

The risk management manual defines in particular the risk principles, the risk management process and the documentation and monitoring of the risk management system. Risk management is conceived as a continuous process and is reviewed at regular intervals to ensure its adequacy and, where required, optimised.

Risk management overview

In view of the underlying economic conditions and the continued importance of trade fairs and exhibitions in the marketing mix of exhibiting companies, the management of Messe Frankfurt GmbH believes the company is well positioned to leverage opportunities that arise and adequately manage risks.

Expected developments

In principle Messe Frankfurt sees opportunities for growth nationally as well as internationally, in particular with the following leverage:

- Increased capacity utilisation at the Frankfurt venue
- Further internationalisation of the trade fair brands through rollouts in the defined markets
- Increased market share for services, both in terms of hardware (stand construction, catering, advertising) and increasingly in the field of digital services

Against this background, Messe Frankfurt GmbH is again anticipating a positive exhibition year in 2015. This optimism is fuelled by the keen interest and stable demand experienced at the major spring-time fairs at home and abroad in 2015 and the corresponding demand for space. Although in particular the Automechanika and Light + Building own events, which are strong in terms of sales and earnings, do not take place in 2015, the rhythm of the major guest events IAA Cars and ACHEMA means Messe Frankfurt predicts slightly higher capacity utilisation of the exhibition grounds in the ongoing financial year. Similarly, outside Germany the exhibition calendar and new events are expected to generate a significant expansion of business.

For 2015, the Messe Frankfurt group anticipates significantly higher sales than in the previous year of €612 million and, with around €30 million, a renewed positive post-tax operating result.

Frankfurt am Main, 31 March 2015

Wolfgang Marzin

Detlef Braun

Uwe Behm

Consolidated financial statements of
Messe Frankfurt GmbH, Frankfurt am Main
Consolidated balance sheet at 31 December 2014

Assets	Notes	At 31.12.2013 € '000	At 31.12.2014 €	€
A. Fixed assets	(1)			
I. Intangible fixed assets		34,413	50,364,770.43	
II. Tangible fixed assets		567,112	549,361,876.71	
III. Financial assets		20	20,451.68	
		601,545		599,747,098.82
B. Current assets				
I. Inventories	(2)			
1. Raw materials, consumables and supplies		338	320,015.25	
2. Work in progress – services		1,129	317,960.55	
3. Goods		485	489,640.45	
		1,952		1,127,616.25
II. Receivables and other assets				
1. Trade receivables	(3)	21,715	13,256,965.66	
2. Other receivables and other assets	(4)	24,318	35,294,085.11	
		46,033		48,551,050.77
III. Securities	(5)	23,612		39,698,388.96
IV. Cash-in-hand, bank balances and cheques	(6)	141,581		171,063,341.10
		213,178		260,440,397.08
C. Prepaid expenses		4,791		3,090,914.99
D. Deferred tax assets	(7)	307		181,849.15
		819,821		863,460,260.04

Equity and liabilities	Notes	At 31.12.2013 € '000	At 31.12.2014 €	€
A. Equity	(8)			
I. Subscribed capital		180,000	180,000,000.00	
II. Capital reserves		112,149	112,148,640.00	
III. Revenue reserves				
– other revenue reserves		82,916	83,385,902.05	
IV. Foreign currency translation differences		-5,888	-2,423,246.32	
V. Retained profits carried forward		22,370	40,080,815.10	
VI. Net income for the year		31,180	30,221,781.02	
VII. Minority interests		4,542	9,768,211.14	
		427,269		453,182,102.99
B. Equity-similar special reserve for subsidies/grants for the acquisition of fixed assets	(9)	25,411		23,263,400.00
C. Provisions				
1. Provisions for pensions and similar obligations		11,125	10,816,893.29	
2. Provisions for taxes		20,033	21,125,225.21	
3. Other provisions	(10)	52,759	51,600,945.88	
		83,917		83,543,064.38
D. Liabilities	(11)			
1. Liabilities to banks		77,542	67,769,387.17	
2. Payments received on account of orders		134,309	168,919,322.32	
3. Trade payables		27,699	27,840,387.18	
4. Other liabilities		14,072	8,176,457.83	
		253,622		272,705,554.50
E. Deferred income	(12)	28,165		25,998,957.75
F. Deferred tax liabilities	(13)	1,437		4,767,180.42
		819,821		863,460,260.04

Consolidated income statement
of Messe Frankfurt GmbH for the financial year
from 1 January 2014 to 31 December 2014

	Notes	2013 € '000	€ '000	2014 €	€
1. Sales	(15)	544,799		554,189,145.48	
2. Increase/decrease in inventories of finished goods and work in progress	(16)	1,129		-811,237.45	
3. Other operating income	(17)	13,071		19,204,078.57	
			558,999		572,581,986.60
4. Event-related expenses	(18)	261,362		266,177,375.80	
5. Personnel expenses	(19)	123,355		130,670,688.47	
6. Amortisation and write-downs of intangible fixed assets, depreciation and write-downs of tangible fixed assets	(20)	56,402		52,034,049.60	
7. Other operating expenses	(21)	61,617		70,230,383.40	
			502,736		519,112,497.27
8. Financial result	(22)		-2,609		-2,373,437.43
9. Result from ordinary activities			53,654		51,096,051.90
10. Extraordinary result			-335		0.00
11. Taxes	(23)		18,645		17,690,197.34
12. Consolidated net income for the year			34,674		33,405,854.56
13. Profit attributable to minority interests			-3,494		-3,649,506.37
14. Loss attributable to minority interests			0		465,432.83
15. Consolidated net income for the year after minority interests			31,180		30,221,781.02

Explanatory notes to the 2014 consolidated financial statements of Messe Frankfurt GmbH for the financial year from 1 January 2014 to 31 December 2014

General disclosures

The consolidated financial statements of Messe Frankfurt GmbH, Frankfurt am Main, have been prepared in accordance with Sections 290 ff. HGB (Handelsgesetzbuch – German Commercial Code).

Wherever individual items of the balance sheet and income statement have been grouped together in the interests of clarity of presentation, these items are shown and explained separately in the notes. For the same reason, disclosures relating to the inclusion in other items and “of which” information are also included in the notes.

Companies included in the consolidated financial statements

In addition to Messe Frankfurt GmbH, Frankfurt am Main, as parent, the consolidated financial statements also include the following subsidiaries, over which Messe Frankfurt GmbH, Frankfurt am Main, directly or indirectly has a controlling influence:

Messe Frankfurt Venue GmbH, Frankfurt am Main/Germany
 Messe Frankfurt Medien und Service GmbH, Frankfurt am Main/Germany
 Accente Gastronomie Service GmbH, Frankfurt am Main/Germany
 Messe Frankfurt Exhibition GmbH, Frankfurt am Main/Germany
 Messe Frankfurt Middle East GmbH (formerly: EPOC Messe Frankfurt GmbH), Frankfurt am Main/Germany
 MESAGO Messe Frankfurt GmbH, Stuttgart/Germany
 MESAGO Messemanagement GmbH, Stuttgart/Germany
 Mesago PCIM GmbH, Stuttgart/Germany
 Messe Frankfurt France S. A. S., Paris/France
 Messe Frankfurt Italia Srl., Milan/Italy
 Messe Frankfurt Istanbul L. S., Istanbul/Turkey
 O. O. O. Messe Frankfurt RUS, Moscow/Russia
 Messe Frankfurt Asia Holding Ltd., Hong Kong/China
 Messe Frankfurt (H. K.) Ltd., Hong Kong/China
 Messe Frankfurt (Shanghai) Co. Ltd., Shanghai/China
 Guangzhou Guangya Messe Frankfurt Co. Ltd., Guangzhou/China
 Guangzhou Li Tong Messe Frankfurt Co. Ltd., Guangzhou/China
 Messe Frankfurt New Era Business Media Ltd., Hong Kong/China
 Messe Frankfurt New Era Advertising (Shenzhen) Co. Ltd., Shenzhen/China
 Mesago Messe Frankfurt Corp., Tokyo/Japan
 Messe Frankfurt Trade Fairs India Pvt. Ltd., Mumbai/India
 Messe Frankfurt Korea Ltd., Seoul/South Korea
 Messe Frankfurt Inc., Atlanta/USA
 Messe Frankfurt México S. de R. L. de C. V., Mexico City/Mexico
 Messe Frankfurt Feiras Ltda., São Paulo/Brazil
 Indexport Messe Frankfurt S. A., Buenos Aires/Argentina
 South African Shows Messe Frankfurt (Pty) Ltd., Johannesburg/South Africa

Effective from 1 July 2014, Messe Frankfurt Exhibition GmbH acquired 56 percent of the shares in South African Shows Messe Frankfurt (Pty) Ltd., Johannesburg/South Africa.

With effect from 13 November 2014, Messe Frankfurt (H. K.) Ltd., Hong Kong/China, acquired 55 percent of the shares in Guangzhou Li Tong Messe Frankfurt Co. Ltd., Guangzhou/China.

An adjustment item is disclosed in group equity as “Minority interests” to indicate shares held by minority shareholders in the equity capital carried in the balance sheet.

Furthermore, the following companies jointly managed with non-group entities are also included in the consolidated financial statements proportionately to the shares in their capital held:

SMT/ASIC/Hybrid MESAGO Messe & Kongreß GmbH & Co. oHG, Nuremberg
 PAACE Automechanika Mexico LLC, Atlanta/USA

Consolidation principles and currency translation

The balance sheet date for the consolidated financial statements as well as for all subsidiaries included in the financial statements is 31 December 2014.

Acquisition accounting used the book-value method to consolidate subsidiaries by eliminating the carrying amounts of the investments against the proportionate equity of the subsidiaries attributable to the parent at the time of acquisition, where the acquisition process occurred in a financial year commencing before 1 January 2010. From 2010, the revaluation method has been used.

In the case of jointly managed undertakings all consolidation steps are carried out proportionate to the ownership interests pursuant to Section 310 HGB.

Receivables, liabilities, expenses and income items between companies included in the consolidated financial statements were netted. Provisions relating to intragroup transactions as well as gains and losses arising from intragroup deliveries and services were eliminated.

Where acquisition accounting resulted in goodwill, this was amortised systematically in accordance with Section 309(1) HGB, over the term of the underlying agreement or over a useful life of 15 years, or written down to fair value on the balance sheet date. The useful life was estimated at 15 years on the assumption that trade fair operations have a long-term orientation and the goodwill can be used over this period.

End-of-year financial statements of the foreign subsidiaries prepared in a foreign currency are translated in compliance with German Accounting Standard Section 308a HGB. All balance sheet items of the included foreign group entities, with the exception of Equity (subscribed capital, reserves, retained profits carried forward), which is carried at historical rates, are translated into euros at the respective mid-rate on the reporting date. Differences arising from the translation of equity as a result of changes in the exchange rate compared to the previous year are included as not affecting income in Equity under Foreign currency translation differences. Expenses and income are translated at the mid-rate. The net income for the year shown in the translated income statement is carried over into the consolidated balance sheet and included as not affecting income in Equity under Foreign currency translation differences.

Accounting and measurement policies, currency translations

The assets and liabilities of the companies included in the consolidated financial statements are measured uniformly using the accounting and measurement principles applicable to the group as a whole.

Purchased intangible fixed assets are recognised at cost, less (where subject to wear and tear) amortisation over their useful life.

Tangible fixed assets are recognised at cost, less depreciation through use and, where applicable, write-downs. Depreciation for use is calculated on a straight-line basis according to unchanged principles. In the case of technical retrofits of halls already fully depreciated, a useful life of 10 years was assumed. New additions are amortised or depreciated on a pro rata temporis basis in the year of acquisition. In the case of new additions in the period 1989 to 1993, use was made of the right to opt for a higher depreciation value for buildings in accordance with Section 7(5) EStG (German Income Tax Law).

Low-value assets with a net value of up to €150 per item were written off in full or expensed in the year of acquisition with their immediate disposal being assumed. In the interest of simplification, assets with purchase costs above €150 to €410 net per item are recognised in the financial statements as a compound item for tax purposes. The compound item is written off in full in the year of acquisition.

Under Financial assets, shares and ownership interests are stated at cost or, where a permanent impairment loss appears probable, at their lower fair value.

Inventories are valued at the lower of cost or market value on the balance sheet date.

Receivables are disclosed at nominal value on the balance sheet date. Identified individual risks are recognised through valuation allowances.

Other assets are shown in the balance sheet at nominal value.

The corporation tax credit of the domestic group companies is stated at present values in line with the Act on Fiscal Measures accompanying the Introduction of the Societas Europaea and on Amending Further Tax Provisions (SEStEG).

Within the Messe Frankfurt group, derivative financial instruments are in principle only used to hedge the risks inherent in an underlying transaction. Provided the conditions of Section 254 HGB are met, hedges are applied and, pursuant to Section 254, Sentence 1 HGB, in these cases Section 249(1), Section 252(1), Nos. 3 and 4, Section 253(1), Sentence 1 and Section 256a HGB are not applied.

Securities are stated at the lower of cost or fair value taking all identifiable risks into account.

Liquid assets are disclosed at nominal value.

Provisions are in principle recognised in the payable amount determined by applying sound commercial judgement (i.e. including future costs and price increases). They take account of all identifiable risks and contingent liabilities. Provisions with a residual term of more than one year are discounted.

Pension provisions and similar obligations are disclosed in accordance with the Projected Unit Credit Method (PUC method) based on the "2005 G actuarial tables" compiled by Prof. Klaus Heubeck. For discounting purposes, the average market interest rate of 4.53 percent (previous year 4.88 percent) with a residual term of 15 years is applied across the board in accordance with the German Regulation on the Discounting of Provisions (Rückstellungsabzinsungsverordnung) of 18 November 2009. An anticipated rate of pension progression of 2.0 percent is assumed. No employment fluctuations or pay trend are taken into account.

For Accente Gastronomie Service GmbH, Frankfurt am Main, pension provisions are recognised in accordance with the modified actuarial cost method on the basis of the "2005 G actuarial tables" compiled by Prof. Klaus Heubeck. For discounting purposes, the average market interest rate of 4.53 percent (previous year 4.89 percent) with a residual term of 15 years is applied across the board. Anticipated pay rises of 2.5 percent (previous year 2.5 percent) and a rate of pension progression of 2.0 percent (previous year 2.0 percent) are assumed. Fluctuation is given consideration with a flat rate of 1.8 percent (previous year 1.8 percent).

Provisions for taxes comprise outstanding taxes not yet assessed for the financial year.

Some employees of the Messe Frankfurt group have concluded deferred compensation agreements pursuant to Section 1a(2) BetrAVG (German Company Pensions Act). The level of benefits is calculated pursuant to Section 253(1), Sentence 3 HGB on the basis of the fair value of the reinsurance cover taken out. The market value of the reinsurance with a value (amortised cost) of €1.089 million (previous year €1.038 million) is netted against the provisioning requirement.

Provisions for partial retirement recognised in Other provisions are valued in line with the pronouncements of the IDW RS HFA 3 (accounting methods for partial retirement obligations under IAS and HGB) and the rules of the German Commercial Code (HGB), based on an interest rate pursuant to Section 253(2), Sentence 2 HGB of 4.53 percent (previous year 4.88 percent). Anticipated pay rises are taken into account by applying a salary trend of 2.0 percent (previous year 2.0 percent). In respect of social security contributions, taking account of the income thresholds for pension and unemployment insurance (West) and for health and long-term care insurance, a contribution rate of 19.025 percent (previous year 18.975 percent) is assumed.

Jubilee benefits recognised in Other provisions are valued in accordance with the Projected Unit Credit Method. Under this method, the provision amount is defined as the actuarial present value of all pro rata benefits attributed to employee service up to the balance sheet date. The discount rate is 4.53 percent (previous year 4.88 percent). Employer's contributions to the statutory pension plan accruing on payment of the jubilee benefit are stated at a flat rate of 14.5 percent (previous year 14.5 percent) of the jubilee payments made.

The provision for record-keeping obligations is calculated on a full cost basis – with a deduction of 20.0 percent for documents voluntarily kept. An inflation rate of 1.0 percent (previous year 1.5 percent) and an average archiving period (multiplier) of 4.5 years are assumed. Discounting is performed for a period of 4.5 years with the Deutsche Bundesbank (central bank of the Federal Republic of Germany) discount rate of 3.36 percent (previous year 3.85 percent).

Other provisions include all contingent liabilities and impending losses from pending transactions as well as possible indemnification claims by commercial agents.

Liabilities are carried at their repayment amount.

Asset and liability items denominated in foreign currencies are in principle translated at the mid-rate as at the reporting date. For assets and liabilities with a residual term of over one year, the imparity and realisation principle (Section 252 (1), No. 4 HGB) and the purchase cost principle (Section 253 (1), Sentence 1 HGB) are applied.

For the recognition of deferred taxes under Section 274 (1) HGB resulting from temporary differences between the carrying amounts of assets, liabilities and prepaid expenses/deferred income and their respective tax bases, or resulting from tax losses carried forward, the amounts of the resulting tax assets and liabilities are determined using the individual tax rates for the entities concerned at the time of the expected reduction of the differences and are not discounted. Deferred tax assets and liabilities are netted. The remaining deferred taxes after netting are not capitalised based on the existing recognition option.

Deferred taxes determined under Section 306 HGB are not netted out; where the temporary difference is expected to reverse in Germany, the underlying tax rate is 31.9 percent.

Incurred costs for press, advertising and public relations work for events in subsequent years are posted throughout the group as expenses in the reporting year.

Notes to the consolidated balance sheet

(Amounts in € '000 unless otherwise stated)

(1) Fixed assets

The classification of the combined fixed asset headings disclosed in the consolidated balance sheet and their development are presented in the Statement of changes in fixed assets in the annex to these notes. Additions to intangible fixed assets result primarily from the revaluation of acquired event hosting rights, additions to tangible fixed assets primarily from additions to land and buildings, operating facilities as well as other inventories. Goodwill on consolidation and disclosed hidden reserves are shown under Additions in the statement of changes in fixed assets. For simplification purposes, additions to the consolidation group are recognised in the statement of changes in fixed assets at their gross value.

The average useful life per asset class is classified as follows:

Asset item	Useful life
Purchased concessions, industrial and similar rights and assets and licences in such rights and assets	3–5 years
Goodwill	15 years
Land, land rights and buildings, incl. buildings on third-party land	10–40 years
Technical equipment and machinery	5–10 years
Other equipment, operating and office equipment	3–15 years

(2) Inventories

This includes raw materials, consumables and supplies, invoiceable input for events in subsequent years and merchandise.

(3) Trade receivables

Receivables due after more than one year are not included in this item.

(4) Other assets

	total	due after more than one year
Taxes	15,731	3,760
Prepayments	7,040	414
Other	12,523	304
Total 2014	35,294	4,478
Total 2013	24,318	1,484

Taxes are principally advance payments of taxes on income amounting to €10.902 million (previous year €4.265 million) and VAT receivables in the amount of €4.682 million (previous year €9.801 million). The increase in Other assets results primarily from higher advance payments of taxes on income and higher prepayments.

Other assets include receivables from the shareholder City of Frankfurt am Main in the amount of €736,000 (previous year €760,000).

(5) Securities

Securities relate to bonds, registered bonds and commercial papers.

(6) Cash-in-hand, bank balances and cheques

	2013	2014
Cheques and cash-in-hand	1,031	891
Bank balances	140,550	170,172
	141,581	171,063

Bank balances include recognition of fixed-term deposits in the amount of €121.498 million (previous year €97.824 million).

The deviation from cash funds recognised in the cash flow statement in the amount of €165.662 million (previous year €138.807 million) is €5.401 million (previous year €2.774 million) and results from time deposits having a residual term of more than three months at the time of acquisition.

(7) Deferred tax assets

Deferred tax assets are formed due to consolidation procedures pursuant to Section 306 HGB and include deferred taxes from the future amortisation of concessions.

(8) Equity

The classification of equity and minority interests is annexed to these notes.

(9) Equity-similar special reserve for subsidies or grants for the acquisition of fixed assets

The special reserve relates to a grant made by the City of Frankfurt am Main in connection with the "Rebstockgelände" car park. The write-back of the special reserve is recognised in income, corresponding to depreciation of the car park over a useful life of 25 years.

(10) Other provisions

Other provisions primarily include outstanding purchase invoices, repairs and refurbishment commitments, indemnification claims by commercial agents, as well as claims from employees. For the provision for indemnification claims by commercial agents (€3.717 million), the retention option pursuant to Section 67 (3) EGHGB (Act Introducing the German Commercial Code) is exercised.

(11) Liabilities

	due within one year	due between one and five years	due after more than five years
Liabilities to banks	10,128	57,642	0
Payments received on account of orders	168,919	0	0
Trade payables	25,133	2,707	0
Other liabilities	8,176	0	0
– of which taxes	(4,357)	(0)	(0)
– of which social security	(352)	(0)	(0)
Total 2014	212,356	60,349	0
Total 2013	183,851	69,771	0

To hedge the foreign currency risk of a liability (ZAR 5 million, underlying transaction) Messe Frankfurt Exhibition GmbH, Frankfurt am Main, concluded a congruent forward exchange contract on 1 July 2014 in the amount of ZAR 5 million with a maturity date of 2016 (micro hedge). Since the offsetting changes in value of the cash flows from the underlying transaction and the forward exchange contract potentially cancel each other out, Messe Frankfurt Exhibition GmbH, Frankfurt am Main, combined these in a micro hedge and, pursuant to Section 254 HGB, opted not to apply Section 249 (1), Section 252 (1), Nos. 3 and 4, Section 253 (1), Sentence 1 and Section 256a HGB for the period of the term of the contract (net hedge presentation method). Without this hedge, the foreign currency liability at the balance sheet date would have had to have been valued at €9,000 higher in line with the exchange rate development.

At the beginning of December 2014, Messe Frankfurt Asia Holding Ltd., Hong Kong/China, transferred an amount of HKD 20 million to Messe Frankfurt GmbH, Frankfurt am Main, for investment until the end of May 2015. To hedge the foreign currency risk from this underlying transaction, Messe Frankfurt GmbH, Frankfurt am Main, contracted a foreign exchange swap for HKD 20 million on 5 December 2014 with a term of maturity up to 22 May 2015 (micro hedge). Since the offsetting changes in value of the cash flows from the underlying transaction and the forward exchange contract cancel each other out, Messe Frankfurt GmbH, Frankfurt am Main, combined these in a micro hedge and pursuant to Section 254 HGB opted not to apply Section 249 (1), Section 252 (1), Nos. 3 and 4, Section 253 (1), Sentence 1 and Section 256a HGB for the period of the term of the contract (net hedge presentation method). Without this hedge, the liability to Messe Frankfurt Asia Holding Ltd., Hong Kong/China, at the balance sheet date would have had to have been valued at €54,000 higher in line with the exchange rate development.

Liabilities to banks are secured by a first-rank registered land charge, the assignment of rights and claims arising from the property insurance (in particular fire) relating to the mortgaged property, as well as through an ownership clause.

Trade liabilities include liabilities to the shareholder City of Frankfurt am Main in the amount of €8,000 (previous year €233,000).

(12) Deferred income

The one-off payments received in advance in the years 1988 and 1996 for 35 years respectively for two building leases and a payment for a 99-year joint usufruct in parts of buildings are disclosed under Liabilities as Deferred income. The three partial deferred income amounts are written back on a straight-line basis over the specified terms.

(13) Deferred tax liabilities

Deferred tax liabilities are formed pursuant to Section 306 HGB and include deferred taxes on asset items acquired within the scope of the expansion of the group – concessions for South African Shows Messe Frankfurt (Pty) Ltd. and Guangzhou Li Tong Messe Frankfurt Co. Ltd. –, temporary differences from the valuation of land and provisions for indemnification claims by commercial agents.

(14) Other financial obligations and contingent liabilities

Other financial obligations total €155.868 million (previous year €149.921 million). These are primarily made up of commitments from open purchase orders related to investments, commitments arising from rent and lease contracts, commitments relating to the acquisition of additional company shares as well as ground rents for three building lease contracts.

In connection with the cash pool agreements with subsidiaries of Messe Frankfurt GmbH, Frankfurt am Main, the latter has assumed a joint and several liability towards Commerzbank AG, Frankfurt am Main (formerly Dresdner Bank AG), for all liabilities on the part of the other participating group entities arising from the cash pool.

The entities participating in the cash pool are liable only insofar and to the extent that they have themselves generated the liability balance and/or themselves received the loan resulting from the overdraft. They are additionally liable insofar and to the extent that compliance with the assumed obligation to pay does not affect the assets required to maintain the nominal capital at the time of entering into the payment obligation. The assumption of joint and several liability also applies in the event that the accorded overdraft limit or credit line is exceeded.

The medium-term financial planning of the entities incorporated in the Messe Frankfurt group does not indicate any potential liability from the contingencies mentioned.

The company administrates fiduciary accounts for events hosted by guest organisers. The balance of the fiduciary accounts at the end of the period is €252,000.

Notes to the consolidated income statement

(Amounts in € '000 unless otherwise stated)

The consolidated income statement is prepared in accordance with the total cost (nature of expense) format.

(15) Sales

according to type	2013	2014
Stand rents	312,503	335,775
Halls, site and other rents	40,396	27,656
Admission fees and participation fees	11,206	11,849
Services and other income	180,694	178,909
	544,799	554,189

according to region	2013	2014
Germany	378,251	356,313
Europe excl. Germany	31,291	33,960
Asia	124,085	146,384
America	11,172	16,852
Africa	0	680
	544,799	554,189

(16) Increase or decrease in finished goods and work in progress

This item relates to income from invoiceable input for events in the subsequent year.

(17) Other operating income

This account mainly includes prior-period income from the reversal of provisions (€5.019 million; previous year €2.658 million), income from prior years relating to other accounting periods (€1.495 million; previous year €467,000) and from recoveries on receivables already written off (€1.024 million; previous year €983,000), as well as income from exchange rate differences (€9.673 million; previous year €6.040 million) and income from the pro rata temporis reversal of the equity-similar special reserve for subsidies or grants for the acquisition of fixed assets (as in the previous year €2.147 million).

(18) Event-related expenses

	2013	2014
Cost of raw materials, consumables and supplies and of purchased materials	14,893	7,441
Cost of purchased services	246,469	258,736
	261,362	266,177

Cost of purchased services comprises in particular expenses for hall and site rental, hall fitting, maintenance of the exhibition grounds and expenses for event-related communication.

(19) Personnel expenses / employees

	2013	2014
Wages and salaries	101,747	108,131
Social security, post-employment and other employee benefit costs	21,608	22,540
– of which in respect of old-age pensions	(6,256)	(5,850)
	123,355	130,671

Employees (active, annual average)	2013	2014
Vice presidents	39	38
Other salaried employees	1,641	1,780
Wage-earning employees	186	188
	1,866	2,006

The proportionately consolidated companies pursuant to Section 310 HGB have no employees.

(20) Amortisation and write-downs of intangible fixed assets and depreciation and write-downs of fixed assets

Amortisation and write-downs of intangible fixed assets result principally from rights and licences as well as goodwill. Write-downs were also recognised in the amount of €1.467 million on goodwill and €1.538 million on brand rights.

(21) Other operating expenses

Other operating expenses amounting to €70.230 million principally include rental and lease expenses and office costs, legal, consulting and auditing costs, expenses for promotional activities and allowances for bad debts. Expenses arising from currency translation differences and prior-period expenses are included with €9.997 million (previous year €4.298 million) and €967,000 (previous year €364,000), respectively.

(22) Financial result

	2013	2014
Investment income	0	8
Other interest and similar income	2,293	1,473
Interest and similar expenses	4,902	3,854
– of which arising from compounding	(3)	(0)
Total financial result	-2,609	-2,373

Interest and similar expenses principally include interest for the loan taken out to finance the building of Hall 3.

(23) Taxes

	2013	2014
Deferred taxes	113	-20
Taxes on income	14,347	13,947
Other taxes	4,185	3,763
	18,645	17,690

Reconciliation of expected income tax expense

	2013	2014
Earnings before taxes (financial accounts)	49,135	47,332
Expected income tax expense (group tax rate 31.9%; previous year 31.9%)	15,686	15,111
Effects of changes in tax rates	-100	-133
Tax-free income/trade tax deductions	-1,785	-704
Non-deductible business expenses/trade tax additions incl. Section 8 (1) GewStG (German Trade Tax Act)	1,702	2,544
Taxes attributable to previous years recognised in the reporting period	-644	-896
Effects of deviating tax rates	-1,631	-1,970
Effects of non-recognisable/deductible income taxes	-1	109
Effects of consolidation	228	117
Effects of options under Section 274 (1) HGB	348	-190
Other effects	657	-61
Recognised income tax expense	14,460	13,927
Effective group tax rate (%)	29.4	29.4

Other disclosures**Disclosures relating to the cash flow statement**

Cash funds recognised in the cash flow statement comprise cash-in-hand, current bank balances and fixed-term deposits with a maturity of less than three months.

The deviation from liquid funds recognised in the consolidated balance sheet in the amount of €171.063 million (previous year €141.581 million) is €5.401 million (previous year €2.774 million) and results from time deposits having a residual term of more than three months at the time of acquisition. The cash flow statement for the previous year was adjusted accordingly.

Cash funds comprise €202,000 accounted for by companies consolidated proportionately. These are not subject to any restraints on disposal.

Non-cash income results primarily from the reversal of deferred income for building leases amounting to €2.099 million, the reversal of the equity-similar special reserve for subsidies or grants for the acquisition of fixed assets amounting to €2.147 million, as well as currency translation differences.

Expenditure for the acquisition of South African Shows Messe Frankfurt (Pty) Ltd., Johannesburg/South Africa, and Guangzhou Li Tong Messe Frankfurt Co. Ltd., Guangzhou/China, totalled €8.812 million; at the respective time of acquisition, the companies had liquid assets amounting to €1.565 million.

In fiscal 2014, interest amounting to €3.011 million and income tax refunds in the amount of €43,000 were recognised. Interest payments of €5.413 million and income tax payments in the amount of €16.360 million were also made.

In the financial year an amount of €13 million was distributed to the shareholders and €3.855 million to minority interests.

Disclosures relating to the consolidated statement of changes in equity

No parts of the earned group equity were barred from distribution at the balance sheet date of 31 December 2014.

Auditors' fees

The auditors' fees for the financial year for auditing the accounts of the group and the group entities amounted to €670,000, of which €368,000 is apportionable to BDO AG Wirtschaftsprüfungsgesellschaft Frankfurt am Main and Stuttgart. The auditors did not provide any other services.

Remuneration of the members of the executive bodies

The remuneration of the members of the Executive Board comprises a fixed and a variable component. The fixed remuneration is made up of a fixed annual salary and a guaranteed year-end bonus. For the purposes of pension provision the company makes contribution payments to insurances. In addition, the individual members of the Executive Board receive non-cash benefits that are individually taxed. These primarily include provision of a company car and insurance benefits for business travel at standard market rates.

The following table shows the remuneration of the members of the Executive Board in fiscal 2014:

in €'000	Fixed remuneration		Variable remuneration	Pension provision	Non-cash benefits	Total
	Fixed annual salary	Guaranteed year-end bonus				
Wolfgang Marzin	300	60	130	57	13	560
Uwe Behm	265	60	130	70	15	540
Detlef Braun	265	60	130	70	9	534
Total						1,634

Provisions for each Executive Board member amounting to €130,000 for variable bonuses were recognised in 2014. These take account of components with a long-term incentive effect and are derived from socio-economic agendas for the Frankfurt venue, as well as from financial targets of the group.

The members of the Executive Board were promised benefits in the case of premature termination of their term of office by the General Meeting without serious cause. A two-year non-competition covenant was also agreed with the Executive Board members in the case of termination of their service, for which a compensation payment was agreed.

No loans or advances were granted to members of the Executive Board in fiscal 2014.

Superannuation benefits and retirement annuities, as well as interim payments and indemnifications of €911,000 (previous year €971,000) were paid to former members of the Executive Board and surviving dependents. Pension provisions totalling €8.624 million (previous year €9.027 million) were recognised for the latter group of persons at 31 December 2014. The remuneration and expenses allowance paid to members of the Supervisory Board amounted to a total of €45,000 (previous year €42,000).

Executive Board

The following were appointed to the Executive Board:

Wolfgang Marzin, Diplom-Betriebswirt HWF (President and Chief Executive Officer)
(Graduate in Business Administration, University of Applied Sciences)

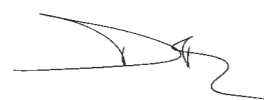
Detlef Braun, Diplom-Betriebswirt (Graduate in Business Administration)

Uwe Behm, Diplom-Ingenieur/Diplom-Wirtschaftsingenieur (FH)
(Graduate in Engineering/Graduate in Industrial Engineering, University of Applied Sciences)

Frankfurt am Main, 31 March 2015



Wolfgang Marzin



Detlef Braun



Uwe Behm

Supervisory Board of Messe Frankfurt GmbH

Peter Feldmann

(Chairman)
Executive mayor, City of
Frankfurt am Main, Frankfurt
am Main

Tarek Al-Wazir

(1st Vice-chairperson
from 31 March 2014)
Hessian Minister of Economics,
Transport and Regional
Development, Wiesbaden

Florian Rentsch

(1st Vice-chairperson
until 18 January 2014)
Hessian Minister of Economics,
Transport and Regional
Development, Wiesbaden

Wolfgang Dimmer

(2nd Vice-chairperson
from 4 December 2014)
Chairman of the Works Council
Messe Frankfurt GmbH,
Frankfurt am Main

Ute Schuchardt

(2nd Vice-chairperson
until 19 August 2014)
Chairwoman of the Works
Council Messe Frankfurt
GmbH, Frankfurt am Main

Jörn Apfelstädt

Chairman of the Works Council
Accente Gastronomie Service
GmbH, Frankfurt am Main

Uwe Becker

City treasurer of the
City of Frankfurt am Main,
Frankfurt am Main

Peter Beuth

Hessian Minister of the Interior
and Sports, Wiesbaden
(from 26 May 2014)

Britta Böcher

Vice-chairwoman of the
Works Council
Messe Frankfurt GmbH,
Frankfurt am Main
(from 3 November 2014)

Olaf Cunitz

Mayor of the City of
Frankfurt am Main,
Frankfurt am Main

Bernd Ehinger

President of the Frankfurt-
Rhine-Main Chamber of Crafts,
Frankfurt am Main

Jürgen Engel

Bad Sooden-Allendorf

Markus Frank

Councillor of the City of
Frankfurt am Main,
Frankfurt am Main

Prof. Dr Gottfried Honnefelder

Director of Berlin University
Press GmbH & Co. KG, Berlin/
Cologne

Christian Klingler

Member of the Board of
Management Volkswagen AG,
Wolfsburg

Alexander Neumann

Member of the Works Council
Messe Frankfurt GmbH,
Frankfurt am Main

Dr Lutz Raettig

Chairman of the Supervisory
Board of Morgan Stanley Bank
AG, Frankfurt am Main

Boris Rhein

Hessian Minister for Science
and the Arts, Wiesbaden
(until 25 May 2014)

Peter Saalmüller

Idstein

Dr Thomas Schäfer

Hessian Minister of
Finance, Wiesbaden

Manuel Stock

Councillor of the City of
Frankfurt am Main,
Frankfurt am Main

Peter Thomaschewski

Liederbach

Prof. Dr Martin Viessmann

CEO of Viessmann Werke
GmbH & Co. KG, Allendorf

Hamid Yazdtschi

CEO of Gilde-Handwerk
Macrander GmbH & Co. KG,
Bocholt

Annexes to the notes to the consolidated financial statements of Messe Frankfurt GmbH

Statement of changes in fixed assets

in €'000	Cost						At 31.12.2014
	At 01.01.2014	Additions to the consoli- dated group	Additions	Disposals	Transfers	Currency translation differences	
I. Intangible fixed assets							
1. Purchased concessions, industrial and similar rights and assets and licences in such rights and assets	93,479	0	24,543	197	856	1,388	120,069
2. Goodwill	65,199	0	4,068	32	-856	1,228	69,607
	158,678	0	28,611	229	0	2,616	189,676
II. Tangible fixed assets							
1. Land, land rights and buildings, incl. buildings on third-party land	1,232,650	0	9,496	0	3,088	221	1,245,455
2. Technical equipment and machinery	101,591	0	4,494	0	1,824	0	107,909
3. Other equipment, operating and office equipment	100,963	20	8,467	5,104	438	244	105,028
4. Prepayments and assets under construction	12,361	0	4,747	6,391	-5,350	0	5,367
	1,447,565	20	27,204	11,495	0	465	1,463,759
III. Financial assets							
Investments	20	0	0	0	0	0	20
	20	0	0	0	0	0	20
	1,606,263	20	55,815	11,724	0	3,081	1,653,455

Depreciation, amortisation and write-downs (cumulative)							Carrying amounts		
At 01.01.2014	Additions to the consoli- dated group	Additions	Disposals	Transfers	Currency translation differences	At 31.12.2014	At 31.12.2013	At 31.12.2014	
79,343	0	8,523	185	2	1,267	88,950	14,136	31,119	
44,922	0	4,927	0	-2	514	50,361	20,277	19,246	
124,265	0	13,450	185	0	1,781	139,311	34,413	50,365	
721,461	0	26,946	0	208	155	748,770	511,189	496,685	
77,666	0	4,293	0	0	0	81,959	23,925	25,950	
81,326	15	7,345	4,987	-208	177	83,668	19,637	21,360	
0	0	0	0	0	0	0	12,361	5,367	
880,453	15	38,584	4,987	0	332	914,397	567,112	549,362	
0	0	0	0	0	0	0	20	20	
0	0	0	0	0	0	0	20	20	
1,004,718	15	52,034	5,172	0	2,113	1,053,708	601,545	599,747	

Consolidated cash flow statement of Messe Frankfurt GmbH

in € '000	2013	2014
Consolidated net income for the year before extraordinary result	35,009	33,406
Depreciation, amortisation and write-downs (+) of fixed assets	56,402	52,034
Increase (+)/decrease (-) in provisions	6,379	-374
Other non-cash expenses (+) and income (-)	-6,606	-1,627
Proceeds (-)/expense (+) from disposal of fixed assets	18	929
Increase (-)/decrease (+) in inventories	-1,218	842
Increase (-)/decrease (+) in trade receivables and other assets not attributable to investing or financing activities	7,963	-463
Increase (+)/decrease (-) in trade payables and other liabilities not attributable to investing or financing activities	2,083	27,311
Cash flows from operating activities	100,030	112,058
Intangible fixed assets / tangible fixed assets		
- Capital expenditures	-48,095	-39,402
- Proceeds from disposal of fixed assets	433	5,623
Payments for acquisition of consolidated companies	-511	-7,246
Balance between cash inflows/outflows from financial investments (securities held as current assets)	27,427	-18,337
Cash flows from investing activities	-20,746	-59,362
Cash payments (-) to the owners of Messe Frankfurt GmbH and minority shareholders	-16,202	-16,855
Cash repayments (-) of bank loans	-34,171	-9,773
Cash flows from financing activities	-50,373	-26,628
Net change in cash funds	28,911	26,068
Effect on cash funds of changes in the reporting entity structure	0	787
Cash funds at beginning of period	109,896	138,807
Cash funds at end of period	138,807	165,662

Consolidated statement of changes in equity of Messe Frankfurt GmbH

in € '000	Parent				Minority interests			Group	
	Subscribed capital	Capital reserves	Group revenue reserves	Currency translation differences	Equity	Minority interests	Currency translation differences	Equity	Equity
At 31.12.2012	180,000	85,219	145,216	-2,503	407,932	3,802	134	3,936	411,868
Dividends paid			-13,000		-13,000	-3,202		-3,202	-16,202
Effect of merger of Messe Frankfurt Grundbesitz GmbH & Co. KG		26,930	-26,930						
Other changes				-3,385	-3,385	-555	869	314	-3,071
Consolidated net income for the financial year			31,180		31,180	3,494		3,494	34,674
At 31.12.2013	180,000	112,149	136,466	-5,888	422,727	3,539	1,003	4,542	427,269
Dividends paid			-13,000		-13,000	-3,855		-3,855	-16,855
Other changes				3,465	3,465	5,333	564	5,897	9,362
Consolidated net income for the financial year			30,222		30,222	3,184		3,184	33,406
At 31.12.2014	180,000	112,149	153,688	-2,423	443,414	8,201	1,567	9,768	453,182

Auditor's report

We have audited the consolidated financial statements prepared by Messe Frankfurt GmbH, Frankfurt am Main – comprising the balance sheet, income statement, notes, cash flow statement and statement of changes in equity – and the group management report for the financial year from 1 January 2014 to 31 December 2014. The preparation of the consolidated financial statements and the group management report in compliance with the provisions set forth under German commercial law is the responsibility of the company's legal representatives. Our responsibility is to express an opinion on the consolidated financial statements and the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with the provisions of Section 317 HGB (German Commercial Code) and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) (Institute of Public Auditors in Germany). Those standards require that we plan and perform the audit such that misstatements and violations materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report can be detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-relevant internal control system and the evidence supporting the amounts and disclosures in the consolidated year-end financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in the consolidated financial statements, the determination of the entities to be included in consolidation, the accounting and consolidation policies used and significant estimates made by the legal representatives of the company, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our audit opinion.

Our audit did not lead to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with the legal regulations and give a true and fair view of the net assets, financial position and results of group operations in accordance with German accepted accounting principles. The group management report is consistent with the consolidated financial statements and on the whole provides a suitable view of the group's position and accurately presents the opportunities and risks of future development.

Frankfurt am Main, 7 May 2015

BDO AG
Auditors

pp Dr Rosien
Auditor

pp Tewes
Auditor

Report of the Supervisory Board

The Supervisory Board of Messe Frankfurt GmbH regularly informed itself of the development and position of the company through written and oral reports furnished by the Executive Board and satisfied itself of the due and proper conduct of business by the Executive Board.

Meetings of the Supervisory Board

The Supervisory Board convened two regular meetings in fiscal 2014.

Activities of the Supervisory Board

The Supervisory Board was concerned with the current business development, transactions requiring Supervisory Board approval and corporate planning. The focus of discussions and decisions taken were the corporate strategy, current national and international business developments, the company's overall economic position as well as the risk situation, including the risk management policy.

In addition to regular reporting, the following issues were discussed in detail and – where necessary – appropriate resolutions were passed:

- In a written resolution, the Supervisory Board recommended to the shareholders the acquisition of an equity interest in South African Show Services (Pty) Ltd., Johannesburg, by Messe Frankfurt Exhibition GmbH.
- The Supervisory Board discussed in detail and approved the acquisition by Messe Frankfurt Exhibition GmbH of the Modern Bakery Moscow event in Russia and by Messe Frankfurt Trade Fairs India Pvt. Ltd., Mumbai, of the LED Expo and Media Expo events.
- The Supervisory Board also discussed the acquisition of shares
 - by Messe Frankfurt (H. K.) in Hong Kong in Guangzhou Li Tong Exhibition Co. Ltd., Guangzhou, and
 - by Messe Frankfurt RUS in Media Globe Hannover Expo CJSC, Moscow, and issued a proposed resolution to the shareholders.
- Furthermore, the Supervisory Board discussed setting up a development company and a project company within the scope of the acquisition of building plot 42a, as well as construction of an office building and an entrance on building plot 42a. The Supervisory Board approved the establishment of the development company and project company and issued a proposed resolution to the shareholders.

Work of the Committees

The activity of the Supervisory Board was facilitated by the preparation and support of the Committees. The Committee Chairpersons regularly reported to the Supervisory Board on the work of the respective Committees. The Committees make recommendations to the Supervisory Board on resolutions relating to decisions of considerable financial or strategic relevance.

The Investment Committee held four meetings during fiscal 2014. At its meetings it gave detailed attention to business transactions and the economic situation, as well as to the financial statements of the subsidiaries and investments in associates of Messe Frankfurt Venue GmbH and Messe Frankfurt Exhibition GmbH. Furthermore, the aforementioned event and share acquisitions were discussed in detail.

The Financial and Audit Committee met for two regular meetings during the reporting year. At its meetings it discussed the transactions and economic development of Messe Frankfurt Venue GmbH, Messe Frankfurt Exhibition GmbH and its subsidiaries, Messe Frankfurt GmbH and the Messe Frankfurt group. With respect to the aforementioned companies, the Financial and Audit Committee also examined in detail the financial statements and consolidated financial statements as well as the management reports of the individual entities and of the group.

At a joint meeting, the Investment Committee and the Financial and Audit Committee dealt with strategic and economic issues relating to the Frankfurt exhibition venue.

The Building Committee convened once in 2014. At its meeting it focused on current building projects relating to the development of the exhibition grounds.

Conflicts of interest

The Supervisory Board is not aware of any conflicts of interest on the part of individual members of the Supervisory Board during the financial year.

Annual financial statements and consolidated annual financial statements

The single-entity financial statements of Messe Frankfurt GmbH and the consolidated financial statements for the year ended 31 December 2014 have been examined and issued an unqualified audit opinion by BDO Wirtschaftsprüfungsgesellschaft. The audit contract was awarded by the Chairman of the Supervisory Board in accordance with the resolution passed by the shareholders, the City of Frankfurt and the State of Hesse, of 6 August 2014.

The single-entity and consolidated financial statements and management reports have been prepared in accordance with the provisions set forth in the German Commercial Code (HGB) applicable to large companies limited by shares and examined by the auditors. The Financial and Audit Committee discussed the single-entity financial statements of Messe Frankfurt GmbH and the consolidated annual financial statements, the management reports as well as the audit reports at its meeting of 2 June 2015 in the presence of the auditors and recommended that the Supervisory Board approve the statements. At the meeting convened to adopt the annual financial statements on 1 July 2015, the Chairperson of the Financial and Audit Committee commented on the recommendation and submitted its proposal to the Supervisory Board, which extensively reviewed the single-entity and consolidated financial statements and management reports at its financials meeting on 1 July 2015 in the presence of the auditor, who reported on the key audit findings.

Furthermore, the Financial and Audit Committee and the Supervisory Board read and took note of the reports of the auditor, BDO Wirtschaftsprüfungsgesellschaft, on its review of the appropriateness of the management and the economic situation pursuant to Section 53 of the German Law on Budgetary Principles (HGrG). The auditor concluded that the Executive Board has established a risk management system according to the statutory provisions that allows developments which could place the continued existence of the company at risk to be identified at an early stage. The Financial and Audit Committee and the Supervisory Board assured themselves of the effectiveness of the risk management systems in place.

Publishing details

As recommended by the Financial and Audit Committee, the Supervisory Board has approved the findings of the audit and adopted the single-entity and the consolidated annual financial statements for the year ended 31 December 2014. The report of the Executive Board on the position of Messe Frankfurt GmbH and the group management report for the 2014 financial year were approved and accepted.

Personnel matters

Ms Ute Schuchardt resigned from the Supervisory Board on 19 August 2014. With effect from 3 November 2014, Ms Britta Böcher was appointed to the Supervisory Board as employee representative.

The Supervisory Board would like to thank the Executive Board for the trust-based cooperation and all employees for the good work done and their contribution to the successful 2014 financial year.

Frankfurt am Main, 1 July 2015
For the Supervisory Board

Peter Feldmann
Chairman

Editors-in-chief

Dominique Ewert
Klaus Münster-Müller

Editors

Markus Quint (production editor)
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