



**MESSE BERLIN**

**BUSINESS  
REPORT  
2018**



**Messe Berlin**  
Hosting the World

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**Messe Berlin GmbH****INTRODUCTION**

The exceptional results achieved by Messe Berlin in 2018 highlight its importance and value not just for Berlin but for the whole of the German trade fair sector. Its economic success is reflected once again in a record performance. The continuing growth of Messe Berlin shows that the trade fair concept remains a key success factor for many businesses.

Against this background, it is not surprising that both domestic and international exhibitors are planning to allocate a considerable portion of their budgets to taking part in future trade fairs at home and abroad. The growth in exhibitor numbers at German trade fairs recently hit a new high, as revealed in a survey commissioned by the Association of the German Trade Fair Industry, AUMA. At the same time, the trade fair market is developing in line with the global context. The important thing here is to respond to developments proactively, take advantage of the megatrends of the future and devise innovative event concepts.

The trade fair industry is changing! In 2018, German trade fair companies invested more than EUR 400 million in expanding and modernising their halls and redesigning their access arrangements. Messe Berlin, too, has continued to upgrade its infrastructure: the master plan for the renovation of the exhibition grounds and the hub27 Berlin new-build are just the first, immediately obvious step. The construction of hub27 Berlin continued as planned in 2018, and we look forward to its finalisation and launch in time for IFA 2019 this year.

Competition in the overall trade fair sector has continued to intensify in recent years. Even large, long-standing events have had to cope with falling visitor numbers, with many of them disappearing from the market in the past year, having lost the battle for market share and relevance. Such developments remind us that we must keep a watchful eye on our event concepts and commitments.

Thanks to its subsidiary companies and specialist trade fairs in Europe, Asia and the USA, Messe Berlin has established an increasingly strong position among international trade fair organisers. We are a global player, taking our host concept out into the wider world.

We see ourselves as responsible not just to our customers but also to the federal state of Berlin, its citizens and our 958 employees worldwide. They should all be able to trust that Messe Berlin, thanks to its ability to innovate, can continue to help Berlin fulfil its role as the world's host.

Sincerely,

A blue ink handwritten signature, appearing to read 'W. Wolf'.

Wolf-Dieter Wolf  
Chairman of the Supervisory Board  
Messe Berlin GmbH

## Messe Berlin GmbH

## INTRODUCTION



In 2018, Messe Berlin once again put Berlin on the map as a trade fair and congress location: around 130 events – including 69 in-house events – attracted 2.5 million visitors and 40,000 exhibiting companies from all over the world. Once again, the Group enjoyed a record year – one in which overall turnover reached EUR 352 million. At EUR 16.8 million, the consolidated net profit was slightly higher than in 2016 – previously the most successful year in the Messe Berlin Group's history.

This economic success is not just benefiting Messe Berlin: in 2018, myriad sectors profited from spending in excess of EUR 1.8 billion by our trade fair and congress guests. Whether in the accommodation, catering or retail sectors – Messe Berlin contributes directly to the economic upturn in Berlin.

A large part of our company's success rests on our five leading trade fairs: IFA, InnoTrans, ITB Berlin, FRUIT LOGISTICA and International Green Week re-affirmed their prominent positions in a highly competitive global market. As global brands, whose reputation extends far beyond Berlin and Germany, in 2018 they once again drew thousands of visitors, exhibitors, journalists and media to the capital.

From this position of strength, we successfully positioned new events on the market, thus expanding our international business even further. The Smart Country Convention and Boot & Fun inwater both made their debuts in 2018. In addition, we welcomed WEINmesse berlin to our site for the first time. In June 2018, CE Week – an innovation platform in the North American technology sphere – was organised by our new US subsidiary for the first time, in New York. Investments such as the new 'droidcon' event series also proved their worth in 2018.

In terms of guest events, 2018 also witnessed top performances: following Daimler AG's annual general meeting, which takes over CityCube every year, Messe Berlin hosted Volkswagen AG's annual general meeting for the first time, in May, which involved 2,000 participants. The world's largest specialist trade fair for large-format printing, FESPA, took place once again at our site, with 10,000 participants. Our guests also included SAP and Microsoft with their own conventions, as well as several large professional associations in the medical sector. These included: the 54th Annual Meeting of the EASD (European Association for the Study of Diabetes), with 15,000 delegates; the

Congress of the European Committee for Treatment and Research in Multiple Sclerosis (ECTRIMS), with 10,000 delegates; and, for the first time, Neuroweek, with 7,200 delegates.

Nowadays, all large trade fair and congress organisers need to assert their position in a competitive international environment. In recent years, competitive pressures have increased markedly due to the burgeoning influence of globally active private equity firms. To remain successful in this environment, we need to step up the dynamic development of our business in all economic sectors.

Internally, we are guided in this by the 'Host Messe Berlin' concept, which we developed in 2017 and which is now firmly established throughout the organisation.

In terms of new business development, we are plotting our strategic course based on the knowledge that we are increasingly becoming a platform company. As a result, we are working hard across the business to continuously improve our ability to conclude partnerships.

Amidst all of this change, we nevertheless remain focused on one key thing: maintaining our long-standing strong and successful client relationships. Our ability to do so is ensured by our 958 current employees, to whom we would like to extend our deepest gratitude for their unwavering commitment to this company in 2018.

Sincerely,

Dr Christian Göke  
Chief Executive Officer

Dirk Hoffmann  
Chief Operating Officer



## Key figures 2018

### Key figures for the Messe Berlin Group and Berlin as a trade fair venue

In-house events	2018
Number of trade fairs and exhibitions	69
Gross area in m <sup>2</sup>	1,979,942
Number of exhibiting companies	34,883
Number of visitors/participants	2,198,136

Guest events <sup>1)</sup>	2018
Number of guest events	61
Gross area in m <sup>2</sup>	1,018,189
Number of exhibitors	6,545
Number of participants	344,447

Finances (in EUR million)	2018
Turnover (Group)	352.1
Turnover (Messe Berlin GmbH)	237.0
Net profit for the financial year (Group)	16.8
Net profit for the financial year (Messe Berlin GmbH)	17.2
Group EBT: Trade fairs and congresses	+80.8
Group EBT: Facility management/Exhibition grounds	-60.3

Personnel <sup>2)</sup>	2018
Employees (Group)	933
of which trainees	28
Employees (Messe Berlin GmbH)	519
of which trainees	19

<sup>1)</sup> Guest organisers of trade fairs, congresses, corporate events  
<sup>2)</sup> Average annual figures

**TRADE FAIRS**  
**GUEST EVENTS**  
**FINANCES**  
**PERSONNEL**

 **CityCube Berlin**



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This management report covers both Messe Berlin GmbH and the Messe Berlin Group. Unless stated otherwise, the explanations pertain to both financial statements.

**The Group's business model**

'Host Messe Berlin' – under this banner, Messe Berlin is combining its many years of expertise, professionalism and distinctive service. The new approach, developed in 2017, focuses on Messe Berlin's qualities as a host – for visitors, exhibitors, the media, partners and many others – and acts both as a description and a standard. The aim was to improve identification with the umbrella brand internally and externally and to strengthen positive associations with the company. For 15 years, the Messe Berlin Group has recorded double-digit annual growth rates. A cornerstone of this success is the company's strength in creating concepts and the subsequent international marketing of its trade fairs and congresses, as well as its organisation of various types of events. The business in Berlin also benefits from the appeal of the location. Increasing numbers of external trade fair and congress guests create significant secondary economic effects for Berlin. In 2018, Berlin trade fair and congress guests spent a total of EUR 1.2 billion. The Berlin Senate expects growth of 2.7% in 2018.

**Fundamentals**

The provisional end-of-year figures for the federal state of Berlin for 2018 published by the Senate Department for Finance on 15 January 2019 showed a surplus of EUR 2.4 billion – beating the previous best budgetary outcome achieved in 2017. In the first quarter of 2018, the number of employees in Berlin subject to social insurance contributions went up by 59,716 on the previous year, to reach 1.45 million. This growth rate of 4.3% positions Berlin considerably ahead of all the other federal states, at almost two percentage points above the federal average. Over the last three years, the number of employees in Berlin subject to social insurance contributions went up by a total of around 170,000. Thanks to new and additional fairs and events, as well as constantly rising staff numbers, Messe Berlin is directly contributing to the upturn in the Berlin economy. An IBB (Investitionsbank Berlin) study conducted in December 2015 on the ‘Impact of trade fair, exhibition and congress organisers on Berlin as a business location’ found that a euro spent at the Messe results in EUR 5.10 being spent in Berlin. A real and immediate economic effect that can be observed year after year.

#### Sites

The Berlin ExpoCenter City (ECC) exhibition grounds at Messe Berlin headquarters, located in the heart of Berlin, comprise about 180,000 square metres of hall space, distributed over 26 trade fair halls plus the CityCube Berlin. The site’s principal owner is the federal state of Berlin, and its operator is Messe Berlin. The Berlin ExpoCenter Airport exhibition grounds, which Messe Berlin also operates, are located next to Berlin Schönefeld airport.

In light of intensifying international competition, the technical and structural standards of buildings belonging to the federal state of Berlin are particularly important for the conduct of trade fairs, exhibitions and congresses, as well as other events. Messe Berlin covers most of the costs for the management of the exhibition grounds itself. In addition, it ensures optimum conditions for the conduct of trade fairs and events on its sites. For example, in the fourth quarter of 2018, it implemented a new transport and logistics system for assembly and dismantling.

#### Products

The Group’s business is divided into in-house events, which are organised by Messe Berlin or its subsidiaries in their own name, guest business (guest events, corporate events, congresses) and event-related services on the ECC site or at Berlin ExpoCenter Airport at Berlin Brandenburg Airport (BER), as well as at other locations in Germany and around the world.

#### Organisational structure

The legal relationship between Messe Berlin and its main shareholder, the federal state of Berlin, is mainly based on two contracts: the basic agreement and the lease contract for the Berlin ECC site. Messe Berlin GmbH is the Group parent company of a total of 18 direct or indirect consolidated subsidiaries, as well as a joint venture. The Group structure is mainly based on operational necessities.

#### Objectives and strategies

With the tailwind of recent years’ success, Messe Berlin remains eager to record above-average growth and continue to improve efficiency, despite the weakening economy. The focus of the planned growth strategy remains securing the basis of the core business, namely the top five leading trade fairs – International Green Week Berlin (IGW); ITB Berlin – THE WORLD’S LEADING TRAVEL TRADE SHOW; IFA – Consumer Electronics Unlimited; InnoTrans – International Trade Fair for Transport Technology, Innovative Components – Vehicles – Systems; and FRUIT LOGISTICA – International trade fair for the fresh fruit and vegetables sector. This also includes developing offshoots in Asia.

Events such as the IZB International Suppliers Fair, CMS Cleaning.Management.Services and DMEA – Connecting Digital Health (the new name for conhIT), are helping Messe Berlin record continuous growth, while other newly acquired existing events, such as droidcon, have also proved themselves in 2018. The droidcon conferences are a key fixture in the Android landscape, with events in Germany, the USA and a further 20 cities around the world, and expansion of the business into digital products is on the cards in the near future. In total, the Group hosts more than 100 regional, national and international in-house and guest events annually at the Berlin exhibition grounds, in Germany and worldwide. In 2018, Messe Berlin hosted, for the first time, the new WEINmesse berlin, the Smart Country Convention (SMACC) and Boot & Fun inwater in Werder. Another guest event worth mentioning is Critical Communications World 2018.

#### Digitalisation

An increasingly important element of our business strategy is the expansion of digitalisation. Messe Berlin is allocating considerable investment resources not just to free, good-quality wifi but also to digital services innovation. Particularly significant in this respect is the development of centralised client management, which is a key element of the interdisciplinary xRM project (Extended Relationship Management). A project budget of EUR 3.3 million has been set aside for this project in 2019 and 2020.



**Data management**

In the wake of the General Data Protection Regulation coming into force on 25 May 2018, work began on implementing a new data protection policy and optimising existing data. This has involved, among other things, redefining standard procedures and mapping them out on the IT side.

**Overseas business**

As in previous years, the focus of internationalisation in the 2018 financial year was on Asia. By developing new trade fairs abroad, Messe Berlin is heeding the requirements of exhibitors and customers for international expansion while also securing the position of its leading trade fairs and the trade fair venues in Berlin. The Group's interests abroad are promoted via a global network of 85 representatives in more than 170 countries on all five continents, offering exhibitors and visitors worldwide a comprehensive service portfolio, as well as professional and individual consultancy on site.

In 2018, the Group's four existing Asian in-house events were joined by a fifth: China Fruit Logistica premiered in Shanghai in May. To run it, Global Produce Events (Shanghai) Co., Ltd. (GPE Shanghai) was set up in 2017 as a 100% subsidiary of the 70% subsidiary Global Produce Events GmbH (GPE).

Also taking place, as in the previous year, were Asia Fruit Logistica in Hong Kong (first held in 2006), ITB Asia in Singapore (first held in 2007), ITB China in Shanghai (first held in 2017) and Consumer Electronics China (CE China), held in Shenzhen as a global IFA event (first held in 2016).

Messe Berlin also has a presence overseas, with the expansion of the IFA business in the USA, as well as in Asia: through its own Messe Berlin USA Corp., set up in 2017, Messe Berlin acquired 75% of shares in the then newly established CT Lab Global Media, LLC in the US city of Philadelphia (CT Lab). The remaining shares are held by the NAPCO Media Group (NAPCO), a leading B2B media company headquartered in Philadelphia. In June 2018, together with NAPCO, IFA organised CE Week in New York for the first time – a platform where innovation and future trends in the North American technology sphere come together. The event was extremely well received.

Overseas expansion had therefore reached such a level that optimised control standards became necessary. To this end, in the financial year under review, the interdisciplinary ICS project (ICS = internal control system) was completed. The aim of this project was to define company-wide, unified standards for, among others, the finance, legal, corporate governance and human resources divisions according to ICS measures for overseas subsidiaries, make them measurable and implement them. Subsequently, all

service agreements between the parent company Messe Berlin GmbH and its overseas subsidiaries were standardised and revised. The implementation process is ongoing in 2019.

**Guest events**

Alongside in-house events, the guest events sector also grew, although given the preponderance of in-house events, only a small number of slots could be offered for guest events. The guest events sector has always offered a wide range of services for myriad congresses and events. Thanks to the modern multifunctional venue that is CityCube Berlin, as well as favourable conditions in Berlin itself, in terms of its hotels with overall excellent value for money, a variety of scientific facilities and the burgeoning start-up scene (in 2018, young Berlin companies attracted more than half of all venture capital, amounting to EUR 2.64 billion), the guest events sector in 2018, as in the previous year, was able to hold its own in a highly competitive environment.

Following Daimler AG's annual general meeting, which takes over CityCube every year with between 5,000 and 6,000 participants, Messe Berlin hosted Volkswagen AG's annual general meeting for the first time in 2018 (on 3 May), in which 2,000 people took part. Volkswagen AG subsequently announced its intention to continue to meet at the Messe grounds. FES-PA (the world's largest specialist trade fair for large-format printing) took place once again at the Messe grounds, from 15 to 18 May 2018, involving some 10,000 participants. In addition, Messe Berlin welcomed, among other events: SAP SuccessConnect (18–20 June 2018); the Microsoft Ignite Tour (6–7 December 2018); in the medical sector, the FENS Forum (European Neuroscience), with 7,350 participants (7–11 July 2018); the 54th Annual Meeting of the European Association for the Study of Diabetes (EASD), with 15,500 participants (1–5 October 2018); the Congress of the European Committee for Treatment and Research in Multiple Sclerosis (ECTRIMS), with 10,000 delegates (10–12 October 2018); as well as, for the first time, Neuroweek, with 7,200 participants (30 October–3 November 2018). Making appearances in the exhibition halls and CityCube Berlin were regular clients such as CWIEME Berlin – The World's Largest Coil Winding, Electric Motor & Transformer Manufacturing Exhibition, while the five-tar equestrian tournament Global Champions Tour Berlin took over the Summer Garden from 27–29 July 2018.

**K.I.T.**

K.I.T. Group GmbH, Berlin (K.I.T. Group GmbH), of which Messe Berlin GmbH owns 75%, is a professional congress organiser (PCO). Its core business is planning and organising medical conferences, meetings and congress-related exhibitions. It comprises about 35 events per year attracting some 90,000

participants, using approx. 13,000 square metres of exhibition space and entailing around 150,000 room reservations. The vast majority of the events are organised outside of Germany. In a growing market and with a global offering of more than 15,000 conferences (54% in Europe), the company has been able to expand its business activities considerably in the past ten years and cement its position among the world's leading PCOs. The basis for its business are multiple long-term contracts with major customers, in particular associations in the medical sector. In 2018, it saw a marked increase in the number of non-medical clients (from industry, training and development, and engineering).

The K.I.T. Group has also expanded abroad in recent years. In 2018, the remaining shares in K.I.T. Group France S.à.r.l., headquartered in Boulogne-Billancourt, France (K.I.T. France), were transferred in full to the K.I.T. Group. In 2017, a first Chinese branch was set up in Beijing with K.I.T. Conference Management (Beijing) Co. Ltd., (K.I.T. China), in order to expand the PCO business in China. There was further expansion into the Far East in 2018 in the form of a subsidiary.

#### **E.G.E.**

E.G.E. European Green Exhibitions GmbH (E.G.E.), a joint venture of Messe Berlin and Deutscher Bauernverlag GmbH, is thriving thanks to the positive development of existing agricultural and lifestyle fairs, and of new events. Its core area of business is agricultural regional products and services for more than 15,000 annual trade visitors and multipliers. For its subsidiary MAZ Messe- und Ausstellungszentrum Mühlengiez GmbH, the annual highlight is MeLa, a trade fair for the agriculture and food, fishing, forestry, hunting and horticulture industries, which drew nearly 35,000 trade visitors in 2018.

#### **Service subsidiaries**

As a subsidiary of Messe Berlin, Capital Catering GmbH (CCG) caters for all guests and employees of Messe Berlin, as well as for third-party customers. ExpoCenter City and ExpoCenter Airport constitute CCG's core business. At these venues, CCG provides catering for conferences, seminars, congresses and exhibitions. In addition, CCG operates the Berlin Radio Tower and the Radio Tower Restaurant. The high-quality and reputable service provided by the own-brand Prime Catering sets it apart on the events market – in terms of the Messe site and externally among third-party clients.

Service provider MB Capital Services GmbH (CSG) is responsible for devising and implementing concepts relating to participation in international events, trade fairs, congresses and other events worldwide. Alongside exhibitor services, such as stand-building, advertising space, IT/telecoms facilities and stand personnel, CSG also provides visitor services.

The primary business purpose of Capital Facility GmbH (CFG) is essentially to offer technical and infrastructure support services for the sites and trade fair operations of Messe Berlin and all related activities.

#### **ExpoCenter Airport Berlin Brandenburg GmbH**

ExpoCenter Airport Berlin Brandenburg GmbH (ECA), a joint venture between Wirtschaftsförderung Land Brandenburg GmbH (WFBB) and Messe Berlin GmbH, manages the ExpoCenter Airport venue that it established in Selchow (Schönefeld) in 2012. The fact that Berlin Airport (BER) still has not opened and that, accordingly, planned infrastructure and public transport systems are not yet operating, is continuing to hamper marketing of the site. Consequently, Messe Berlin, in close cooperation with WFBB and with the involvement of other stakeholders, had started looking into possible alternative uses and future scenarios and reaching agreement on the political level. The preferred option is to sell the company to Flughafen Berlin Brandenburg GmbH (FBB), which would like to incorporate the site into its master plan for its own strategic development. The key issue here is the shared desire of the federal states to keep the ILA Berlin Air Show (ILA) in the region.

#### **Organisational measures**

Because of increased security requirements and the subsequent need to tighten security measures, the new post of Corporate Security Officer was created and filled. This move is a key element of an overall security strategy to ensure, insofar as possible, the protection of employees, clients and the business, and to foster a genuine 'security culture'. Among other things, this will involve: further developing our emergency and crisis response; implementing technical security measures to ensure the protection of sensitive interior areas and to safeguard controlled pedestrian and vehicular access to the exhibition grounds; and establishing a security network, so that all managers and staff share the same understanding of security (risk culture), and to facilitate cooperation with external stakeholders in order to implement fast communication and decision-making processes in emergency and crisis situations.

#### **Economic environment**

According to a study by the IBB in April 2018, Berlin's economic growth cycle has probably peaked, so a slight slowdown should be expected in 2019.

The upswing in the overall German economy that began in the preceding years also initially continued in the first half of the year under review. However, it slowed down markedly in the third and fourth quarters, owing to the difficult external trade environment. Adjusted for price, GDP rose by 1.5% (compared with 2.2% in 2017). This was thanks to a solid domestic

#### **Economic report**

foundation, together with growing employment and income, and mostly stable consumer prices. Despite a slight slowdown in orders received, the volume of orders in the industry is bottoming out. Sentiment indicators in the construction industry are strong. The Ifo Institute for Economic Research expects the economy to exhibit somewhat stronger growth in 2019, compared with the second half of 2018, although economic growth in 2019 is expected to be lower than in 2018 overall. In 2018, the number of people in employment was 44.8 million and is expected to reach a record 45.2 million in 2019. According to Ifo Institute predictions, the number of unemployed will fall further, from 2.3 million (2018) to 2.2 million (2019), then to 2.1 million (2020), equating to rates of 5.2% (2018), 4.9% (2019) and 4.7% (2020). In contrast, consumer prices are expected to rise from 1.9% in 2018 to 2.2% in 2019, before falling back to 1.8% in 2020.

The national economic indicators for foreign trade, together with estimates for the global economy, indicate a moderate upturn in exports in the coming months.

According to the Federal Ministry for Economic Affairs and Energy, the world economy is heading for a slowdown, while, at the same time, international organisations are predicting a distinct upward trend in the global economy. Europe's economic environment at the end of 2018 was mixed: while things had cooled off in Germany and Italy, the economies of France and Austria were forging ahead, and growth in Spain remained stable. Brexit is undoubtedly a risk factor for the economy, especially in Europe. The uncertainty surrounding it is making it generally difficult to make predictions. The US economy has benefited from tax reform, although its positive impact is gradually fading. The trade war with China has certainly created more risk. China's growth will likely continue, though at a lower rate. The uncertainty around possible further tariffs could adversely affect economic activity.

#### **Trade fair industry**

Trade fairs remain by far the key tool in business-to-business communication (B2B communication). German companies are predicted to spend almost 47% of the relevant budget on trade fair participation at home and abroad in 2018/19. This was revealed in a recent survey of exhibitors by Kantar TNS commissioned by the Association of the German Trade Fair Industry (AUMA). Compared with the previous year, Germany provisionally experienced growth as a trade fair location in 2018 in terms of exhibitors (1.5%) and stand space (1%) across 178 international and national events. The deepening uncertainty around developments in the domestic economy and foreign trade has not had a strong impact on trade fair participation. Visitor numbers were 0.5% below the previous level. On the other hand, the share of foreign visitors rose by 3%. The number of exhibitors soared to a new record

level of 195,000. In total, 9.5 million visitors attended the 178 exhibitions. German exhibitions continue to have international appeal. As in previous years, foreign exhibitors and visitors played a major role in the success of German trade fairs. The former see the health of the German economy as enhancing their export opportunities. AUMA sees the stabilisation in the number of German exhibitors as a key signal – after years of mergers and acquisitions among mid-sized companies. It also appears that start-ups see trade fairs as a tool for personal dialogue.

In 2019, AUMA again expects to see slight growth on the exhibitor side and stable visitor figures across the 174 international and national trade fairs.

An AUMA survey of trade fair organisers, carried out as part of a survey of associations by the German Economic Institute in December 2018, indicated a rather optimistic mood within the industry. The majority of German trade fair companies are, once again, expecting higher turnover in 2019, even though the trade fair programme is somewhat reduced owing to the rotation of events. The number of people employed by trade fair companies is also set to increase.

#### **Trends in international competition**

As in previous years, the trade fair industry has to be measured against the international competition. Global conditions remain unchanged: the development of the global trade fair market is mirroring global economic growth. Despite the inexorable advancement of digitalisation, cannibalisation effects are neither apparent nor expected. The worldwide trade fair market will undoubtedly be affected by global trends towards consolidation, however. Mergers between large international organisers are resulting in the formation of global companies in the events sector that, thanks to often quite considerable investment capital, are buying up or concluding further mergers with other organisers and events. This trend will bolster global competition and bring cost pressures to bear on other players in the market. In the wake of this, German trade fair companies will slip down the ranks of global event organisers. Currently, German trade fair companies as a whole are second in the rankings of the world's biggest event organisers, based on turnover. Despite high site costs, having privately-owned, freely available trade fair grounds is an advantage in the competition with these global players. Another deciding factor in this respect will be trade fair companies' ability to take advantage of the megatrends of the future and implement innovative events concepts.

**Business development**

Messe Berlin closed off 2018 as the most successful year in its company history. The Group's overall turnover is EUR 352 million. This equates to an increase of 14% on the reference year 2016 (EUR 309 million), making it by far its best performance.

At EUR 16.8 million, the consolidated net profit is slightly up on the total for 2016 (EUR 16.5 million) – the previous most successful year in Messe Berlin Group's history.

Around 40,000 exhibiting companies (reference year 2016: 34,000) from Germany and abroad presented their products and services at trade fair venues in Berlin. Some 2.5 million visitors from Germany and abroad attended more than 120 in-house and guest events, of which 69 were Messe Berlin GmbH's own events (reference year 2016: 58) and 61 were guest events (reference year 2016: 57).

**Bookings at CityCube Berlin remain very strong**

CityCube Berlin, which only opened in 2014, is enjoying strong and ever-growing demand. In 2018, as in every year since it opened, its more than 12,000 square metres of space were fully booked – clear proof that its facilities are meeting the needs of the market. The Berlin congress market continues to grow apace. So, CityCube Berlin is not only used as a congress hall but also provides space for Messe Berlin's in-house events, thus enabling it to meet increasing demand.

**Master Plan Berlin ExpoCenter City**

As a basis for the upkeep and future development of the exhibition grounds under the Radio Tower, in 2015 Messe Berlin produced a master plan in line with its strategic business goals and on behalf of the federal state of Berlin for the development of exhibition business at the ECC over the next 15 years or so. As a result and in order to secure the Messe Berlin business, in particular to ensure the further growth of leading international events, gradual renovation of the trade fair halls is required, as is sourcing alternative space while this is taking place, so that the construction phases as indicated in the master plan can be implemented. To that end, work began in autumn 2017 on a new hall, hub27 Berlin. Construction of this approx. 10,000-square-metre event space south of the ECC is proceeding according to plan, meaning hub27 Berlin will be ready in time for IFA 2019. Like CityCube Berlin, the facilities at hub27 Berlin make it ideal not just for trade fairs but also, with its capacity for 11,500 people, for hosting congresses and corporate events. Even before its completion, the enquiries have been pouring in. The overall cost for building hub27 Berlin amounts to approx. EUR 75 million, with

most of the financing provided by Messe Berlin from its own resources. The remaining funding shortfall was made up with additional borrowed capital of EUR 30 million, in the form of a Kreditanstalt für Wiederaufbau (KfW) [German reconstruction loan institute] loan refinanced via Nord/LB and IBB. The construction of hub27 Berlin resulted in a liquidity outflow of around EUR 46.3 million. Completion of construction in 2019 is likely to result in a further outflow of liquidity in the region of EUR 28.7 million.

In order to implement and finance stage 1 of the master plan, the key relationships between the federal state of Berlin and Messe Berlin are being redefined. The federal state of Berlin intends to hand over the ECC site to Messe Berlin, so that Messe Berlin itself is in a position to implement the measures involved in the master plan. The first board resolution in this regard was taken by the Berlin Senate in October 2017. Over the course of 2018, the federal state of Berlin and Messe Berlin GmbH held in-depth discussions, in light of all applicable legal frameworks, on how to finance the measures involved in stage 1 of the master plan. Implementation conditions are expected to be agreed by the end of 2019.

### Financial performance indicators

#### Situation of the Group

The Group's economic situation remains positive. Like the preceding years, the 2018 financial year ended very successfully. Compared with the reference year 2016, turnover grew by 14%.

Messe Berlin compares figures based on whether years are odd or even, as certain trade fairs only take place every two years. In even financial years, the company organises events such as bautec – International Trade Fair for Construction and Building Technology, ILA Berlin – Innovation and Leadership in Aerospace and the rail technology and mobility trade fair InnoTrans – International Trade Fair for Transport Technology, Innovative Components – Vehicles – Systems.

In 2018, the Group's pre-tax earnings (EBIT) increased by EUR 2.1 million, compared with the reference year 2016. The earnings margin (EBIT/turnover) remained virtually unchanged, with a marginal decrease from 7.0% to 6.8%. Planned turnover for 2018 (EUR 325.5 million) was exceeded by EUR 26.6 million (8.2%), and the operating result by EUR 4.3 million – largely owing to the leading IFA, InnoTrans and FRUIT LOGISTICA fairs.

#### Multi-year comparison

Messe Berlin Group	2018 EUR million	2017 EUR million	2016 EUR million	2015 EUR million	2014 EUR million
Turnover	352.1	284.0	309.4	242.0	269.4
Changes in inventory					
– work in progress	0.0	0.0	0.0	0.1	–0.2
Other operating income	12.5	14.6	15.1	11.4	7.0
Material costs	–227.9	–187.9	–193.4	–156.4	–175.4
Personnel costs	–67.7	–60.6	–55.8	–51.9	–53.2
Other operating costs	–36.3	–27.4	–44.1	–26.2	–28.7
Income from investments	0.1	0.0	0.0	0.1	0.1
<b>EBITDA</b>	<b>32.8</b>	<b>22.7</b>	<b>31.2</b>	<b>19.1</b>	<b>19.0</b>
<b>EBITDA %</b>	<b>9.3</b>	<b>8.0</b>	<b>10.1</b>	<b>7.9</b>	<b>7.1</b>
Depreciation of fixed assets	–8.9	–11.7	–9.4	–9.5	–8.2
<b>EBIT</b>	<b>23.9</b>	<b>11.0</b>	<b>21.8</b>	<b>9.6</b>	<b>10.8</b>
<b>EBIT %</b>	<b>6.8</b>	<b>3.9</b>	<b>7.0</b>	<b>4.0</b>	<b>4.0</b>
Interest income	–2.9	–2.4	–1.6	–3.2	–2.3
Taxes	–4.2	–1.3	–3.4	–1.9	–2.9
Non-controlling interests	–0.4	–1.1	–0.9	–1.1	–0.8
<b>Group profit</b>	<b>16.4</b>	<b>6.2</b>	<b>15.9</b>	<b>3.4</b>	<b>4.8</b>

**Operating results**

<b>Messe Berlin Group</b>	2018	2017	Change compared	
	EUR million	EUR million	EUR million	%
Turnover	352.1	284.0	68.1	24.0
Other operating income	12.5	14.6	-2.1	-14.4
Material costs	-227.9	-187.9	-40.0	21.3
Personnel costs	-67.7	-60.6	-7.1	11.7
Other operating costs	-36.3	-27.4	-8.9	32.5
Income from investments	0.1	0.0	0.1	-
<b>EBITDA</b>	<b>32.8</b>	<b>22.7</b>	<b>10.1</b>	<b>44.5</b>
Depreciation of fixed assets	-8.9	-11.7	2.8	-23.9
<b>EBIT</b>	<b>23.9</b>	<b>11.0</b>	<b>12.9</b>	<b>117.3</b>
Interest income	-2.9	-2.4	-0.5	20.8
Taxes	-4.2	-1.3	-2.9	223.1
Non-controlling interests	-0.4	-1.1	0.7	-63.6
<b>Group profit</b>	<b>16.4</b>	<b>6.2</b>	<b>10.2</b>	<b>164.5</b>

In comparison with the previous year, during which fewer events took place, Group turnover increased by 24.0%. Like last year, material costs fell slightly. This was mainly due to the allocation to provisions for deferred maintenance, which was less than the previous year. The significant increase in personnel expenditure is largely due to new hires in 2018 and the agreed rate increase implemented from 1 March 2018. The increase in other operating costs is largely due to allocations to provisions for onerous contracts – particularly for ILA 2020 – which were higher than the previous year.

The decrease in depreciation is mainly due to an unplanned depreciation of the trade fair halls in Selchow in the previous year.

<b>Messe Berlin GmbH</b>	2018	2017	Change compared	
	EUR million	EUR million	EUR million	%
Turnover	237.0	198.8	38.2	19.2
Other operating income	11.3	12.9	-1.6	-12.4
Material costs	-157.2	-141.2	-16.0	11.3
Personnel costs	-42.9	-37.8	-5.1	13.5
Other operating costs	-34.9	-25.3	-9.6	37.9
Income from investments	16.6	12.5	4.1	32.8
<b>EBITDA</b>	<b>29.9</b>	<b>19.9</b>	<b>10.0</b>	<b>50.3</b>
Depreciation of fixed assets	-8.1	-11.2	3.1	-27.7
<b>EBIT</b>	<b>21.8</b>	<b>8.7</b>	<b>13.1</b>	<b>150.6</b>
Interest income	-1.9	-1.6	-0.3	18.8
Taxes	-2.7	0.4	-3.1	-775.0
<b>Annual result</b>	<b>17.2</b>	<b>7.5</b>	<b>9.7</b>	<b>129.3</b>

The parent company, Messe Berlin GmbH, generated a turnover of EUR 237.0 million and an operating result before interest and taxes of EUR 21.8 million (previous year: EUR 8.7 million; reference year 2016: EUR 19.9 million). Compared with the reference year 2016, turnover rose by EUR 16.2 million (7.3%). In terms of turnover, Messe Berlin GmbH exceeded its 2018 business plan by EUR 16.5 million.

**In-house events**

Group turnover in the in-house events part of the business amounted to EUR 166.9 million (previous year: EUR 118.4 million). Compared with the reference year 2016, turnover in this part of the business increased by EUR 16.8 million. The increase was largely due to the increase in turnover of the leading trade fairs IFA, InnoTrans and Fruit Logistica, as well as ILA and SMACC, the latter having been held for the first time in 2018.

**Congresses and guest events**

In the guest events, congress and events part of the business, the Group's turnover in 2018 amounted to EUR 81.4 million (previous year: EUR 78.5 million). While Messe Berlin GmbH reported a marked decrease in turnover of around EUR 11.4 million in the year under review, the K.I.T. Group, on the other hand, saw its turnover increase by around EUR 14.9 million, compared with the previous year. The decrease in Messe Berlin GmbH's turnover can

mainly be attributed to the exceptional events Internationales Deutsches Turnfest and the Deutscher Evangelischer Kirchentag in 2017. Compared with the reference year 2016, turnover in the congress and events part of the business rose by EUR 24.2 million. Marked increases in turnover in this part of the business were achieved by Messe Berlin GmbH (up EUR 8.2 million) as well as the K.I.T. Group (up EUR 16.0 million).

**Subsidiary companies in Germany and abroad**

The K.I.T. Group and its four subsidiaries turned over EUR 53.9 million in the 2018 financial year (previous year: EUR 38.6 million).

GPE, together with its subsidiary GPE Shanghai, generated a turnover in the 2018 financial year of EUR 6.9 million (previous year: EUR 5.8 million), mainly with Asia Fruit Logistica – International Trade Fair for Fruit and Vegetable Marketing in Hong Kong.

E.G.E and its subsidiary MAZ achieved turnover of EUR 6.1 million (previous year: EUR 7.1 million).

Mobile Seasons GmbH, in which Messe Berlin GmbH has had a 51% stake since 1 January 2018, was consolidated for the first time in the year under review. It registered a loss of EUR 0.5 million.

Messe Berlin (Singapore) Pte. Ltd. (MBS) generated a turnover of EUR 4.4 million (previous year: EUR 4.3 million) with its ITB Asia 2018 event in Singapore.

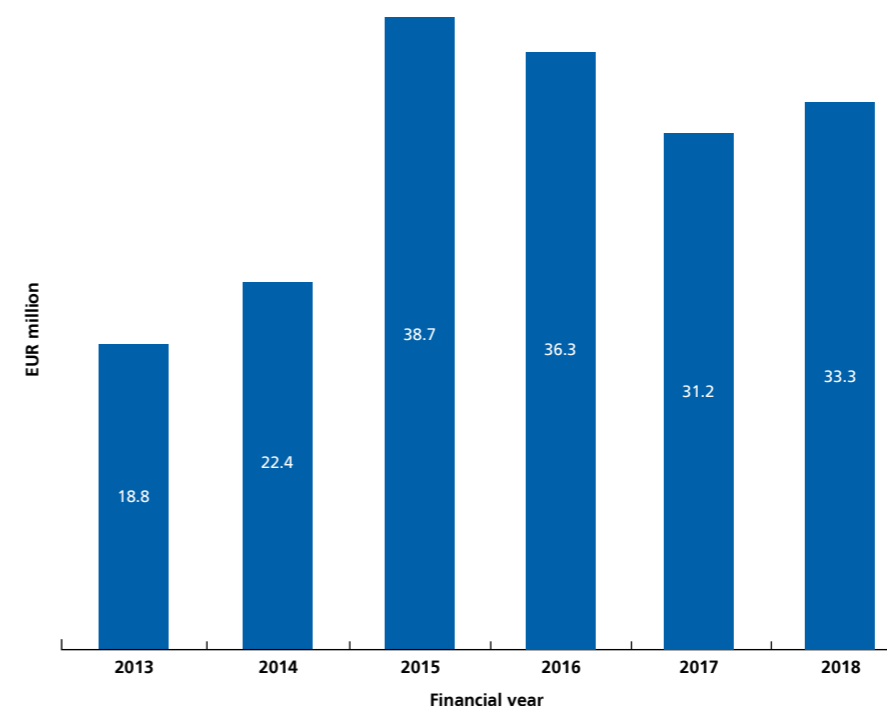
Berlin Exhibition (Guangzhou) Co., Ltd. (BEG) generated a turnover of EUR 0.6 million (previous year: EUR 0.7 million) in the year under review with CE China in Shenzhen.

MB Exhibitions (Shanghai) Co., Ltd., Shanghai, China (MBE) turned over EUR 2.4 million (previous year: EUR 1.8 million) with ITB China.

In the year under review, Messe Berlin GmbH entered into a joint venture with Guangzhou Liju Technology Co., Ltd., Guangzhou, China (TravelDaily), on the basis of which it relinquished a 35% share in MBE to its new partner.

Overall, the Messe Berlin Group's foreign turnover of EUR 33.3 million represented a slight increase on the previous year (EUR 31.2 million). In the 2018 financial year, the share of turnover generated abroad was 9.5% (previous year: 11.0%).

**Turnover abroad (Group)**



**Service companies**

In the 2018 financial year, the turnover of the subsidiary CCG amounted to EUR 19.2 million (previous year: EUR 16.8 million, reference year 2016: EUR 15.4 million).

The turnover of CSG and its subsidiary reached EUR 38.8 million (previous year: EUR 29.5 million, reference year 2016: EUR 31.3 million). Of this, EUR 12.1 million of turnover (previous year: EUR 9.8 million) was transferred to Messe Berlin. Positive progress made by the leading trade fairs and the growth of the congress business meant 2018 was another good year for CSG in terms of turnover in the stand construction and advertising-space hire parts of the business.

The 2018 financial year also went well for the subsidiary CFG. Turnover from the agency agreement with Messe Berlin for facility management vastly exceeded the planned amount.

ECA ended the financial year with a turnover of EUR 2.1 million (previous year: EUR 1.4 million) and a net profit of EUR 0.1 million (previous year: EUR 3.0 million loss). The significantly improved result is mainly due to the activation of onerous contracts, which were allocated the previous year. The result from the joint venture flows proportionately into the consolidated financial statement.

**Financial and net assets position**

In 2018, the positive cash flow from ongoing operations was EUR 15.1 million (previous year: EUR 15.5 million). The key reasons for this are: the consolidated net profit before non-controlling interests to the amount of EUR 16.8 million; the – non-cash – depreciation to the amount of EUR 8.9 million included in the result; and the offsetting effect of the EUR 11.3 million increase in inventories, receivables and other assets not classified as investments or financing activities.

<b>Consolidated statement of cash flow (summary)</b>	2018 EUR million	2017 EUR million
Cash flow from current business activities	15.1	15.5
Cash flow from investment activities	-45.1	-9.8
Cash flow from financing activities	25.0	-5.1
<b>Changes in financial resources</b>	<b>-5.0</b>	<b>0.6</b>
<b>Exchange rate-related changes</b>	<b>0.0</b>	<b>-0.3</b>
<b>Financial resources as of 1 January</b>	<b>88.2</b>	<b>87.9</b>
<b>Financial resources as of 31 December</b>	<b>83.2</b>	<b>88.2</b>

The negative cash flow from investment activities amounted to EUR 45.1 million (previous year: EUR 9.8 million). Main drivers in 2018 were additional investments in fixed assets to the amount of EUR 43.8 million – mostly relating to construction work on hub27 Berlin.

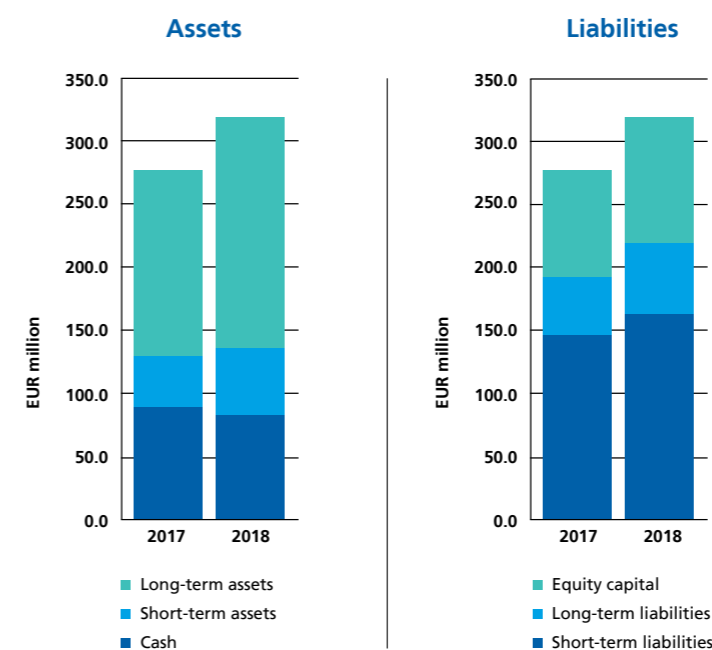
The cash flow from financing activities amounted to plus EUR 25.0 million (previous year: minus EUR 5.1 million). This is mainly as a result of capital borrowings of EUR 30.0 million in relation to hub27 Berlin.

For Messe Berlin GmbH, the statement of cash flow is as follows:

<b>Messe Berlin GmbH statement of cash flow (summary)</b>	2018 EUR million	2017 EUR million
Cash flow from current business activities	11.8	9.3
Cash flow from investment activities	-43.2	-8.0
Cash flow from financing activities	26.0	-3.7
<b>Changes in financial resources</b>	<b>-5.4</b>	<b>-2.4</b>
<b>Financial resources as of 1 January</b>	<b>57.4</b>	<b>59.8</b>
<b>Financial resources as of 31 December</b>	<b>52.0</b>	<b>57.4</b>

On the reporting date, the Group's balance sheet total amounted to EUR 320.0 million compared with EUR 277.4 million in the previous year.

The balance sheet structure is as follows:





Messe Berlin Group	2018 EUR million	2017 EUR million	Change compared EUR million %	
Long-term assets	184.0	147.7	36.3	24.6
Short-term assets	136.0	129.7	6.3	4.9
<b>Assets</b>	<b>320.0</b>	<b>277.4</b>	<b>42.6</b>	<b>15.4</b>
Equity capital	100.2	83.6	16.6	19.9
Long-term liabilities	56.4	45.1	11.3	25.1
Short-term liabilities	163.4	148.7	14.7	9.9
<b>Liabilities</b>	<b>320.0</b>	<b>277.4</b>	<b>42.6</b>	<b>15.4</b>

Long-term assets are fixed assets and other assets that are expected to be realised more than five years after the reporting date.

Fixed assets increased from EUR 147.7 million in the previous year to EUR 184.0 million. The proportion of fixed assets in the balance sheet total went up from 53.2% to 57.5%.

The additions to the Advance payments and assets under construction position, amounting to EUR 42.1 million, relate chiefly to production costs accrued for hub27 Berlin.

Short-term assets consist mainly of credit institute balances, trade receivables and other assets, and they increased by EUR 6.3 million compared with the previous year. This is due, in particular, to the EUR 9.3 million increase in trade receivables and the EUR 2.0 million increase in advance payments. This was offset mainly by the EUR 5.0 million reduction in cash and cash equivalents.

The financial year's positive result has further improved our financial structure. Equity capital rose by EUR 16.6 million. Equity ratio increased from 30.1% to 31.3%.

The long-term liabilities consist chiefly of loan liabilities with a residual time to maturity of more than five years, which amount to EUR 29.5 million (previous year: EUR 18.3 million). This increase is due mainly to the loan taken out for hub27 Berlin. It was offset by the reclassification of loan liabilities to short-term liabilities. We also consider the special items for investment subsidies, at EUR 10.4 million (previous year: EUR 11.0 million), and pension provi-

sions, to the amount of EUR 16.5 million (previous year: EUR 15.8 million), as long-term liabilities.

Short-term liabilities consist of other provisions and tax provisions amounting to EUR 67.2 million (previous year: EUR 65.8 million). Many of the changes were as a result of the provisions for outstanding supplier invoices, amounting to EUR +6.3 million. The decrease in provisions for deferred maintenance (EUR 8.9 million) had a reducing effect. Short-term liabilities also include advance payments (EUR 32.2 million; previous year: EUR 37.8 million). Finally, current liabilities also include the short-term share of liabilities owed to banks (EUR 44.3 million; previous year: EUR 28.9 million); trade liabilities (EUR 11.6 million; previous year: EUR 7.1 million); other liabilities (EUR 7.0 million; previous year: EUR 8.2 million); and deferred income (EUR 0.8 million; previous year: EUR 1.0 million).

At Messe Berlin GmbH, the asset and capital structure is as follows:

Messe Berlin GmbH	2018 EUR million	2017 EUR million	Change compared EUR million %	
Long-term assets	188.7	151.2	37.5	24.8
Short-term assets	101.4	98.2	3.2	3.3
<b>Assets</b>	<b>290.1</b>	<b>249.4</b>	<b>40.7</b>	<b>16.3</b>
Equity capital	103.4	86.2	17.2	20.0
Long-term liabilities	47.5	36.5	11.0	30.1
Short-term liabilities	139.2	126.7	12.5	9.9
<b>Liabilities</b>	<b>290.1</b>	<b>249.4</b>	<b>40.7</b>	<b>16.3</b>

The balance sheet total for Messe Berlin GmbH rose by EUR 40.7 million. Fixed assets account for EUR 188.7 million (65.0%) of the total. Financial assets comprise EUR 16.9 million. The equity ratio for Messe Berlin GmbH is 35.6% (previous year: 34.6%).

The long-term liabilities consist of the long-term share of the liabilities to credit institutes, pension provisions and special items for contributions to fixed assets.

## Non-financial performance indicators

### Overall conclusion

Business development, the financial and net assets position, as well as the operating results of Messe Berlin GmbH and the Messe Berlin Group can be assessed as positive overall. The company fulfilled its financial obligations at all times.

### Workforce

Messe Berlin has well-trained, highly capable and motivated employees. Messe Berlin recognises that the key factors for success in this regard are a positive work culture and stronger host mentality among staff. To ensure that this remains the case, Messe Berlin considers it important to offer its employees interesting and challenging tasks, flexible working time models, performance-based pay and attractive additional benefits, while, at the same time, investing in their continuing professional development through the acquisition of qualifications.

Regular employee surveys carried out in conjunction with the research and consultancy institute Great Place to Work (GPtW) provide an objective benchmark. Following detailed analysis, the results are discussed and measures are taken. The last employee survey was conducted in November 2018, the gratifying results of which indicated that Messe Berlin is on the right path.

A key element of attractive working conditions is the remuneration model. This is based on the German collective agreement for public service employees (TVöD). In the last round of wage negotiations in 2018, the outcome of which is valid for 30 months, it was agreed that wages would increase in three stages: by an average of 3.19% as of 1 March 2018, an additional 3.09% as of 1 April 2019 and a further 1.06% as of 1 March 2020.

In addition, bargaining agreements provide a basis for performance-based remuneration elements. In May 2018, the positive 2017 annual result meant a special bonus was once again able to be paid to all employees at Group level under the legal wage agreement.

In addition to salary, Messe Berlin offers a generous company pension scheme, to ensure a good standard of living for our employees after retirement. On behalf of all employees, Messe Berlin pays part of their gross wages into a supplementary pension scheme (VBL). Furthermore, all employees have the option – within the framework of legal possibilities and under deferred compensation arrangements – to pay part of their salary into two alternative insurance systems, without tax or social security implications.

Since 2017, employees of subsidiaries who were hitherto unable to take advantage of the company's pension scheme have had access to a pension scheme subsidised by the employer.

But being a good place to work is not just about monetary considerations. To improve work-life balance, Messe Berlin offers flexible working arrangements, mobile working options and various part-time arrangements to suit individual needs as far as possible. As part of this, in 2018 a parent-child office as well as a quiet room for use in emergency care situations were provided.

In order to help protect the environment but also to support employee mobility, Messe Berlin would like to provide employees with new mobility options in terms of getting to and from the workplace. To this end, an employer contribution towards commuters' travel cards was introduced in November 2018, while a bicycle leasing scheme came into operation in January 2019.

In these competitive times, when specialist staff are hard to come by, Messe Berlin endeavours to remain attractive as an employer by ensuring professional development is a key pillar of a sustainably-oriented human resources policy. At the end of the year, the Group had 30 trainees (previous year: 33) preparing for careers as office administrators or event sales representatives, or studying for Bachelor of Arts (B.A.) degrees in trade fair, congress and event management. This programme of dual study in business management with a focus on trade fairs and congresses is offered by Messe Berlin GmbH in cooperation with the Ravensburg University of Cooperative Education in Baden-Württemberg.

As of summer 2018, we also offer the opportunity of spending 18 months as a trainee in the Corporate Communications division. The format encompasses diverse training in both practical and theoretical elements, in conjunction with Hill+Knowlton Strategies, a global PR and integrated communications agency.

Furthermore, Messe Berlin offers the opportunity to study part-time for a bachelor's or master's degree while working. For the duration of their studies, the selected employees will receive monthly financial support to cover tuition costs. This commitment to professional development has also been recognised outside of the company: the publication *CAPITAL* selected Messe Berlin as one of 'Germany's best training companies' in its November 2018 issue. All trainees who successfully complete their training will be offered a follow-up contract for at least one year.

Messe Berlin also offers existing employees an enhanced and comprehensive internal training programme, and enables employees to take part in external qualification programmes so that they can acquire subject and method knowledge, as well as skills for the future. A wide-ranging programme is also available to those at management level.

The operational health management offering was further developed in 2018 and is open to all Group employees.

As part of a company-specific diversity approach, Messe Berlin would also like to enhance its profile as an employer that values the unique nature of every single person and promotes a working environment free of discrimination (along the lines of gender, nationality, ability, age and sexual orientation). Messe Berlin signed up to the 'Diversity Charter' in 2015 and, since 2014, has been a member of the 'Bündnis gegen Homophobie' (Alliance against Homophobia), which awards the annual Respect prize. In autumn 2018, Messe Berlin took part for the second time in the 'Schichtwechsel' (Change of Shift) day, on which employees swapped workplaces with those in workshops for the disabled.

The employees themselves also send a signal through their own social engagement. For example, they volunteer on examining boards and in courts, get involved in blood donation drives and with helping the homeless. The company encourages such engagement and provides support, for example in the form of paid time off from work.

#### Employees

As of 31 December 2018, the Group employed 958 people, excluding trainees, interns and employees in the passive phase of semi-retirement). Compared with 31 December 2017, the number of employees increased by 58 people. As of 31 December 2018, Messe Berlin GmbH had 524 employees, which constitutes an additional 25 employees.

#### Percentage of women in management positions

Under the law of equal participation of women and men in management positions within the private and public sectors, which entered into force on 1 May 2015, Messe Berlin is obliged to set target figures for increasing the proportion of women on the Supervisory Board, on the Management Board and in the top two management levels below the Management Board. Accordingly, the Management Board stipulated that at least 42% of positions at unit head, department head and/or project management level had to be

filled by women by 2020, and at least 50% by 2025. As at 30 June 2018, the percentage at unit head level was 31% and therefore short of the quota. At the department head/project management level, the quota was exceeded comfortably, with 66% of positions filled by women as of 30 June 2018. The Supervisory Board decided to set the target figure for the proportion of women on the Berlin Messe GmbH Management Board at 50%. The shareholders of Messe Berlin have also determined a target figure of 50% women on the Supervisory Board of Messe Berlin. Owing to contractual stipulations among management and a low level of turnover on the Supervisory Board, it has not yet been possible to achieve these targets. In order to further support the planned promotion of women, Messe Berlin developed a women's promotion plan in December 2017. The plan includes an inventory and analysis of the staffing structure and sets out time-related, personnel-related, organisational and training measures to increase the proportion of women, particularly at management levels and in business units of Messe Berlin GmbH where they are currently under-represented.

#### Berlin Corporate Governance Code (BCGK)

As an unlisted company, Messe Berlin GmbH follows the BCGK. The declaration by the Management and Supervisory Boards of conformity with the BCGK was submitted to a vote by the Supervisory Board on 28 November 2018 and was subsequently approved. The declaration of conformity is attached as an annex (unaudited) to the management report.

#### Risk strategy

We see risk as the possibility of a negative deviation and opportunity as a positive deviation in company performance from that planned. The business activities of Messe Berlin inevitably involve risks that, despite great care, cannot be entirely avoided. The number one priority of Messe Berlin's risk policy is to exploit existing opportunities and to assume only business risks that can be considered reasonable and that open up new opportunities for earnings.

#### Risk management system

Messe Berlin has implemented a risk management system for the identification, assessment and documentation of risks within the Group.

#### Risk management

#### Other information

The risk management system as implemented covers risk assessment in the following areas (risk categories):

- Strategic risks,
- Operational risks,
- Financial-reporting risks and
- Compliance risks.

Various techniques are used to identify internal and external risks. This is how, for example, major risk areas are determined and a comprehensive risk catalogue is developed, which also includes risk minimisation measures (gross-net method).

All major risks are classified at the level of company units and subsidiaries.

The findings obtained during the classification process form the basis for estimating current and future risk situations within the Group. Major Group risks are aggregated and communicated, along with critical net individual risks, to the Management and Supervisory Boards in the form of a regular report.

In the course of the annual business planning process, the various opportunities and risks associated with all future business activities are assessed and any changes in the market or in the competitive situation are taken into consideration. Entrepreneurial risks that emerge in the course of the expansion of business activities and new projects are only entered into if an entrepreneurial assessment regards the risk/reward profile to be worth it.

#### **Risk areas**

Typical risks faced by a trade fair company include exhibitor and visitor numbers that fail to meet expectations, pricing pressure at guest events and the loss of trade fairs to other venues. For Messe Berlin, risks associated with the exhibition grounds and with construction work, as well as safety risks, are an additional concern.

Every new product and the advent of new customers, technologies, systems and procedures can entail risks that did not have to be considered previously. Consequently, individual risks are adapted and amended, at least yearly or as necessary, according to changing conditions both inside and outside of the business, as well as to changes in procedures and functions within the business.

There are currently no high-probability risks and none can be expected to occur in the 2019 financial year.

#### **Compliance**

Back in 2010, Messe Berlin decided to set up a Compliance Management System (CMS). Since 2018, the Compliance & Policy Management, Revision & Risk Management and Data Protection departments have been combined within the Legal & Corporate Governance division to form an integrated Corporate Governance Management System.

The Management Board is responsible for ensuring compliance with statutory regulations and the company's internal guidelines. An in-house compliance officer at Messe Berlin GmbH works with the 'risk owners' to record and assess compliance risks in the Group. An external ombudsperson also records any compliance risks brought to their attention. This person is the point of contact for potential whistle-blowers. The goal is to uncover internal grievances and to counteract compliance risk at an early stage.

Asserting and strengthening capacity to compete are key challenges for the future. The Group's major development areas are still the expansion of the value chain with regard to content by new products, as well as geographic expansion.

Messe Berlin sees itself as a multi-service provider, including for the federal state of Berlin. It offers platforms to Berlin stakeholders for exchange and networking.

#### **Master Plan Berlin ExpoCenter City**

Construction work on hub27 Berlin proceeded according to plan during the year under review. Following its completion – expected in the second quarter of 2019 – the hall can be used as an alternative site, and initial measures of the master plan can be implemented.

#### **Reshaping service relationships with the state of Berlin**

In October 2017, the Berlin Senate decided, in an initial board resolution, to hand over the ECC site to Messe Berlin.

This process involved reshaping the financial relationships between Messe Berlin and the state of Berlin. The federal state of Berlin plans to implement the site handover over the course of 2019. The existing basic agreement between Messe Berlin and the state of Berlin was therefore extended until the end of 2019.

#### **Forecast and opportunities and risks of future developments**

**Existing loan agreements**

In terms of the existing loan agreements with Nord/LB and IBB, Messe Berlin has agreed to an adjusted equity ratio, adjusted interest cover and adjusted net gearing ratio in order to comply with financial ratios (so-called financial covenants). As at 31 December 2018, these covenants, as in previous years, had been complied with. The negative impact on earnings and debt of expenditure in relation to stage 1 of the master plan and the transfer of land from the state of Berlin to Messe Berlin could result in failure to comply with financial covenants in 2019. Messe Berlin has made the relevant credit institutes aware of this. Messe Berlin is currently in discussions with Nord/LB and IBB to determine how to take account of these facts, given that all parties intend to continue the loans.

**Future of the ExpoCenter Airport Berlin Brandenburg GmbH**

Selling the ECA joint venture is becoming more of an option, particularly in light of the repeated postponements of the opening of the Berlin Brandenburg (BER) airport. Negotiations continued in 2018 and, pending an agreement on the future of the ILA, are likely to conclude in 2019.

**Future of the ILA Berlin**

The joint audit of the framework conditions by the contractual partners (Messe Berlin, FBB, the states of Berlin and Brandenburg, and the German Aerospace Industries Association (BDLI)), with a view to reaching a definitive agreement on the continuation of the ILA in Schönefeld, in line with the framework agreement, was not completed in the year under review. From the perspective of Messe Berlin and its principal shareholder, the state of Berlin, considerations regarding the future of the ILA are shaped by the economic efficiency of the ILA in relation to the considerable investment, under the master plan, in the ECC exhibition grounds. As well as the various options for using the ExpoCenter Airport grounds for upcoming ILA events, the question of the financial investment of the states of Berlin and Brandenburg and of Messe Berlin GmbH was discussed in 2018, although a definitive conclusion has yet to be reached. A strategic decision can only be made at the political level and is expected in 2019.

**Conditions of use of ICC Berlin still open**

A final decision by the federal state of Berlin regarding the ultimate use of the ICC is still pending.

**New events**

New events are set to be launched in 2019: November will see the first Mobility Electronics Suppliers Expo (MES) take place – a B2B marketing plat-

form for the electronics supply industry. E.G.E continues the expansion of its successful regional agricultural trade fairs with Westfälische Landwirtschaftsmesse (agriculture trade fair in Westphalia) and RegioAgrar in Baden, both launching in March. Mobile Seasons GmbH is expected to kick off in May with the innovative new event Children of Doom in Berlin, which looks at science and social responsibility in an entertaining way within a festival atmosphere.

**Basis for planning the expected business development**

The future development of the operating results and the financial and net assets position is being planned on the basis of assumptions that currently appear plausible and sufficiently probable, even though the economic background is still marked by a degree of uncertainty. Consequently, actual developments may differ significantly from previous assumptions and from the resulting plans and trend forecasts.

**Expected development of business and profits**

2019 is an uneven and therefore weaker year, as the events cycle means InnoTrans and ILA, among others, will not be taking place. In 2019, the Messe Berlin Group's events calendar lists 37 in-house events. Now that the initial measures of the ExpoCenter City master plan are beginning to be implemented, alongside other necessary maintenance activities in and around the exhibition grounds, the extra financial burden in 2019 will be significant. Consequently, for 2019, and in comparison with the previous year and the uneven reference year 2017 (which encompassed the one-off major events Deutscher Evangelischer Kirchentag and the Internationales Deutsches Turnfest), Messe Berlin GmbH and the Messe Berlin Group are forecasting moderately declining revenues, as well as a considerably lower annual result before taxes (EBT), which is expected to be slightly negative.

After another very good start to the financial year in 2019, with leading international events IGW, Fruit Logistica and the Panorama fashion trade fair, the leading fair ITB Berlin is, as every year, scheduled for Q1. IGW 2019 was more international than ever, with 1,750 exhibitors from 61 countries spread across 125,000 square metres of hall space; the visitor total of 400,000 made it Berlin's most popular trade fair. As part of Berlin Fashion Week, the Panorama fashion trade fair saw 600 brands presenting their new Autumn/Winter 2019/20 collections in nine halls comprising exhibition space of 35,000 square metres. During its highly successful three-day fair, Fruit Logistica – the trade fair for the fruit and vegetable sector – welcomed more than 78,000 trade visitors from 135 countries, as well as 3,200 exhibitors from 90 countries.

# MESSE BERLIN

Together, this range of leading, specialist and public trade fairs, along with guest trade fairs and international congresses, ensures that Messe Berlin is working at record capacity in all areas.

Messe Berlin is also driving the expansion of its leading trade fairs on the international level: for marketing strategy reasons, CE China 2019 will now be held on the modern exhibition grounds in Guangzhou and has been moved from May to September, in order to exploit synergies with IFA, which also takes place that month. Other drivers of international expansion are: the third edition of the B2B travel trade fair ITB China in Shanghai, where Chinese business travellers and international exhibitors can meet; Asia Fruit Logistica in Hong Kong, with its focus on the fresh fruit sector; and ITB Asia in Singapore, which has been a successful travel trade fair for the Asian market for more than ten years. The second edition of China Fruit Logistica is also being planned for May 2019 in Shanghai. Important events lie ahead for Messe Berlin, all of which will enable it to further strengthen its position in the international exhibitions market.

Berlin, 26 February 2019

Dr Christian Göke

Dirk Hoffmann



## Group balance sheet

2018

Group balance sheet  
as of 31 December

Assets	31/12/2018		31/12/2017	
	EUR'000	EUR'000	EUR'000	EUR'000
<b>A. Fixed assets</b>				
I. Intangible assets				
1. Rights and licences acquired against payment	1,690		1,760	
2. Goodwill	272		0	
3. Advance payments	0	1,962	0	1,760
II. Tangible fixed assets				
1. Land, titles to land and buildings incl. buildings on third-party land	120,671		125,961	
2. Technical installations and machinery	7,039		7,783	
3. Operating and business equipment	4,988		4,869	
4. Advance payments and assets under construction	48,578	181,276	6,710	145,323
III. Financial assets				
1. Shares in affiliated companies	321		310	
2. Shareholdings	26		145	
3. Non-current securities	430		0	
4. Loans to companies, in which shares are held	0	777	135	590
		<b>184,015</b>		<b>147,673</b>
<b>B. Current Assets</b>				
I. Inventories				
1. Raw materials, consumables and supplies	198		181	
2. Work in progress	741		592	
3. Goods	126		190	
4. Advance payments	2,238	3,303	1,930	2,893
II. Receivables and other assets				
1. Trade receivables	30,194		20,919	
2. Receivables from affiliated companies	71		25	
3. Receivables from companies in which shares are held	0		23	
4. Other assets	18,257	48,522	16,826	37,793
III. Current securities				
Other securities		12		12
IV. Cash-in-hand and bank balances		83,175		88,207
		<b>135,012</b>		<b>128,905</b>
<b>C. Accruals and deferrals</b>		<b>997</b>		<b>811</b>
<b>D. Active difference from capital account</b>		<b>1</b>		<b>0</b>
		<b>320,025</b>		<b>277,389</b>

Liabilities	31/12/2018		31/12/2017	
	EUR'000	EUR'000	EUR'000	EUR'000
<b>A. Equity capital</b>				
I. Subscribed capital	20,708		20,708	
II. Capital reserves	12,578		12,578	
III. Other retained earnings	109		109	
IV. Net Group profit	63,847		47,459	
V. Differences in equity capital resulting from currency conversion	-46		-130	
VI. Non-controlling interests	3,006		2,867	
		<b>100,202</b>		<b>83,591</b>
<b>B. Special items for contributions to fixed assets</b>		<b>10,438</b>		<b>10,983</b>
<b>C. Provisions</b>				
1. Provisions for pension or similar obligations	16,545		15,761	
2. Provisions for taxes	2,705		2,610	
3. Other provisions	64,475		63,144	
		<b>83,725</b>		<b>81,515</b>
<b>D. Liabilities</b>				
1. Liabilities to banks	73,819		47,209	
2. Advance payments received on orders	32,190		37,838	
3. Trade liabilities	11,565		7,141	
4. Liabilities to companies in which shares are held	298		0	
5. Other liabilities of which from taxes EUR 1,671 thousand (previous year EUR 2,506 thousand) of which for social security EUR 26 thousand (previous year EUR 9 thousand)	7,003		8,154	
		<b>124,875</b>		<b>100,342</b>
<b>E. Accruals and deferrals</b>		<b>785</b>		<b>958</b>
		<b>320,025</b>		<b>277,389</b>

## Consolidated statement of profit and loss

# 2018

Consolidated statement of profit and loss for the period from 1 Jan to 31 Dec

	2018		2017	
	EUR'000	EUR'000	EUR'000	EUR'000
1. Turnover		352,061		283,960
2. Decrease in inventory of work in progress		46		-31
3. Other operating income of which income from currency conversion EUR 405 thousand (previous year EUR 281 thousand)		12,532		14,536
4. Material costs				
a) Cost of raw materials, consumables and supplies and purchased goods	-16,851		-16,107	
b) Cost of purchased services	-211,028	-227,879	-171,795	-187,902
5. Personnel costs				
a) Wages and salaries	-55,679		-49,964	
b) Social security contributions and costs for pensions and benefits of which for pensions EUR 2,628 thousand (previous year EUR 1,880 thousand)	-12,068	-67,747	-10,588	-60,552
6. Depreciation of intangible assets and tangible fixed assets		-8,701		-11,174
7. Other operating costs of which costs from currency conversion EUR 172 thousand (previous year EUR 962 thousand)		-36,334		-27,315
8. Income from investment		118		0
9. Other interest and similar income		42		67
10. Depreciation on financial assets		-250		-500
11. Interest and similar expenses of which expenses from discounting provisions EUR 1,500 thousand (previous year EUR 1,238 thousand)		-2,898		-2,464
12. Taxes on income and profit		-4,067		-1,187
<b>13. Net earnings</b>		<b>16,923</b>		<b>7,438</b>
14. Other taxes		-121		-110
15. Profit attributable to non-controlling interests		0		-294
<b>16. Consolidated net loss/profit for the financial year</b>		<b>16,802</b>		<b>7,034</b>
17. Non-controlling interests		-414		-825
<b>18. Group profit</b>		<b>16,388</b>		<b>6,209</b>
19. Profit carried over from the previous year		47,459		41,250
<b>20. Net Group profit</b>		<b>63,847</b>		<b>47,459</b>

## Consolidated statement of cash flow

# 2018

Consolidated statement of cash for the 2018 financial year

	2018	2017
	EUR'000	EUR'000
1. Consolidated net loss/profit for the financial year	16,802	7,034
2. Depreciations on tangible assets	8,951	11,674
3. Decrease in provisions	-28	-3,342
4. Other non-cash income	-545	-552
5. Profit from disposal of tangible fixed assets (previous year: loss)	-314	10
6. Increase in inventories, receivables and other assets not classified as investments or financing activities	-11,266	-1,874
7. Decrease in payables and other liabilities not classified as investments or financing activities	-2,249	-174
8. Interest expenses net of interest income	2,857	2,398
9. Income-based tax expenses	4,067	1,187
10. Income-based tax payments	-3,160	-857
<b>11. Cash flow from current business activities</b>	<b>15,115</b>	<b>15,504</b>
12. Cash inflow from disposals of tangible fixed assets	317	77
13. Cash outflow for investments in tangible fixed assets	-43,832	-9,172
14. Cash outflow for investments in intangible fixed assets	-635	-340
15. Cash outflow for investments in financial assets	-692	-483
16. Cash outflow for acquisition of consolidated companies less liquid assets	-323	0
17. Received interest	42	67
<b>18. Cash flow from investment activities</b>	<b>-45,123</b>	<b>-9,851</b>
19. Cash inflow from loans raised	30,000	0
20. Cash outflow from the repayment of loans	-3,390	-3,372
21. Cash outflow to minority shareholders	-202	-470
22. Paid interest	-1,398	-1,227
<b>23. Cash flow from financing activities</b>	<b>25,010</b>	<b>-5,069</b>
24. Changes in financial resources	-4,998	584
25. Exchange rate changes and changes in financial resources due to consolidated entity	-34	-287
26. Opening balance of financial resources	88,207	87,910
<b>27. Closing balance of financial resources</b>	<b>83,175</b>	<b>88,207</b>



## Statement of changes in consolidated equity

**2018**Statement of changes  
in consolidated  
equity for the 2018  
financial year

	Subscribed capital	Capital reserves	Other retained earnings	Realised Group equity capital	Currency conversion	Equity capital of Messe Berlin GmbH	Non-controlling interests	Statement of changes in equity capital
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
<b>1 January 2017</b>	<b>20,708</b>	<b>12,578</b>	<b>109</b>	<b>41,250</b>	<b>135</b>	<b>74,780</b>	<b>2,512</b>	<b>77,292</b>
Profit distribution	0	0	0	0	0	0	-470	-470
Currency conversion	0	0	0	0	-265	-265	0	-265
Consolidated net loss/profit for the financial year	0	0	0	6,209	0	6,209	825	7,034
<b>31 December 2017</b>	<b>20,708</b>	<b>12,578</b>	<b>109</b>	<b>47,459</b>	<b>-130</b>	<b>80,724</b>	<b>2,867</b>	<b>83,591</b>
Profit distribution	0	0	0	0	0	0	-202	-202
Currency conversion	0	0	0	0	84	84	0	84
Other changes	0	0	0	0	0	0	27	27
Changes Consolidated entity	0	0	0	0	0	0	-100	-100
Consolidated net loss/profit for the financial year	0	0	0	16,388	0	16,388	414	16,802
<b>31 December 2018</b>	<b>20,708</b>	<b>12,578</b>	<b>109</b>	<b>63,847</b>	<b>-46</b>	<b>97,196</b>	<b>3,006</b>	<b>100,202</b>

## Balance sheet

# 2018

### Balance sheet Messe Berlin GmbH as of 31 December

Assets	31/12/2018		31/12/2017	
	EUR'000	EUR'000	EUR'000	EUR'000
<b>A. Fixed assets</b>				
I. Intangible assets				
1. Rights and licences acquired against payment		1,048		1,110
II. Tangible fixed assets				
1. Titles to land, buildings on third-party premises	112,830		117,919	
2. Technical installations and machinery	4,797		5,375	
3. Operating and business equipment	4,540		4,441	
4. Advance payments and assets under construction	48,577	170,744	6,709	134,444
III. Financial assets				
1. Shares in affiliated companies	10,796		10,723	
2. Loans to affiliated companies	1,946		509	
3. Shareholdings	4,168		4,288	
4. Loans to companies in which shares are held	0	16,910	135	15,655
		<b>188,702</b>		<b>151,209</b>
<b>B. Current Assets</b>				
I. Inventories				
Raw materials, consumables and supplies		37		40
II. Receivables and other assets				
1. Trade receivables	21,511		17,485	
2. Receivables from affiliated companies	11,362		8,221	
3. Receivables from companies in which shares are held	0		46	
4. Other assets	15,696	48,569	14,272	40,024
III. Cash-in-hand and bank balances		51,994		57,434
		<b>100,600</b>		<b>97,498</b>
<b>C. Accruals and deferrals</b>		<b>835</b>		<b>666</b>
		<b>290,137</b>		<b>249,373</b>

Liabilities	31/12/2018		31/12/2017	
	EUR'000	EUR'000	EUR'000	EUR'000
<b>A. Equity capital</b>				
I. Subscribed capital		20,708		20,708
II. Capital reserves		12,578		12,578
III. Other retained earnings		109		109
IV. Profit carried forward		52,839		45,351
V. Net profit for the financial year		17,165		7,488
		<b>103,399</b>		<b>86,234</b>
<b>B. Special items for contributions to fixed assets</b>		<b>10,438</b>		<b>10,983</b>
<b>C. Provisions</b>				
1. Provisions for pensions		11,059		10,750
2. Provisions for taxes		2,399		1,952
3. Other provisions		55,137		56,121
		<b>68,595</b>		<b>68,823</b>
<b>D. Liabilities</b>				
1. Liabilities to banks		67,317		40,188
2. Advance payments received on orders		27,827		31,270
3. Trade liabilities		7,993		4,941
4. Liabilities to affiliated companies		658		1,450
5. Liabilities to companies in which shares are held		596		0
6. Other liabilities of which from taxes EUR 772 thousand (previous year EUR 1,977 thousand)		2,640		4,605
		<b>107,031</b>		<b>82,454</b>
<b>E. Accruals and deferrals</b>		<b>674</b>		<b>879</b>
		<b>290,137</b>		<b>249,373</b>

## Profit and loss statement

# 2018

Statement of profit and loss for Messe Berlin GmbH for the period from 1 Jan to 31 Dec

	2018		2017	
	EUR'000	EUR'000	EUR'000	EUR'000
1. Turnover		237,018		198,831
2. Other operating income of which income from currency conversion EUR 11 thousand (previous year EUR 4 thousand)		11,342		12,861
3. Material costs				
a) Raw materials, consumables and supplies	-10,882		-10,269	
b) Cost of purchased services	-146,317	-157,199	-130,798	-141,067
4. Personnel costs				
a) Wages and salaries	-34,793		-30,783	
b) Social security contributions and costs for pensions and benefits of which for pensions EUR 2,245 thousand (previous year EUR 1,669 thousand)	-8,115	-42,908	-7,057	-37,840
5. Depreciation of intangible assets of fixed assets and property plant and equipment		-7,575		-10,226
6. Other operating costs of which costs from currency conversion EUR 11 thousand (previous year EUR 3 thousand)		-34,969		-25,313
7. Income from investments of which from affiliated companies EUR 2,000 thousand (previous year EUR 2,285 thousand)		2,000		2,285
8. Income from profit transfer agreements		14,598		10,211
9. Income from investments of which from companies in which shares are held EUR 27 thousand (previous year EUR 23 thousand)		94		23
10. Other interest and similar income of which from affiliated companies EUR 5 thousand (previous year EUR 5 thousand)		19		50
11. Depreciation on financial assets		-500		-1,000
12. Interest and similar expenses of which expenses from discounting provisions EUR 966 thousand (previous year EUR 819 thousand) of which to affiliated companies EUR 2 thousand (previous year EUR 2 thousand)		-2,040		-1,701
13. Taxes on income and profit		-2,629		460
<b>14. Net earnings</b>		<b>17,251</b>		<b>7,574</b>
15. Other taxes		-86		-86
<b>16. Net profit for the financial year</b>		<b>17,165</b>		<b>7,488</b>



**Annex****2018****Group's notes and  
annex 2018****General information**

1. Preliminary remarks
2. Consolidated entity
3. Consolidation principles

**Accounting and assessment principles**

4. Fundamentals
5. Fixed assets
6. Current Assets
7. Accruals and deferrals
8. Special items
9. Provisions and liabilities
10. Deferred taxes
11. Foreign currency conversion

**Details of the balance sheets**

12. Fixed assets
13. Receivables and other assets
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16. Special items for investment subsidies
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**Details of the statements on profit and loss**

23. Turnover
24. Other operating income
25. Employees
26. Depreciations
27. Other operating costs
28. Financial profit or loss
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30. Revenues/expenses from profit transfer agreements

**Details of statement of cash flow and joint ventures****Other details**

31. Management and Supervisory Board
32. Exceptions pursuant to Sec. 264 para. 3 HGB [German Commercial Code]
33. Total auditor's fee
34. Supplementary report
35. Proposal for the appropriation of profit

**1. Preliminary remarks**

The annual financial statement of Messe Berlin GmbH and the consolidated financial statement are both explained below. Unless stated otherwise, the explanations pertain to both financial statements. The presentation currency is the euro (EUR). Unless stated otherwise, all amounts in this report are shown in euros thousand (EUR'000).

The financial statements are prepared in accordance with commercial law as it applies to large incorporated companies and with the supplementary regulations of the law governing limited companies, as well as taking into consideration the principles of proper book-keeping and consolidated accounting. The statements of profit or loss have been prepared based on the nature of expense method.

The annual financial statement and the consolidated financial statement prepared by Messe Berlin, as well as the management report of the company and the Group, have been submitted to the operator of the electronic Bundesanzeiger (German Federal Gazette) and have been published in the Bundesanzeiger.

The purpose of Messe Berlin GmbH is to organise, stage and provide support for trade fairs, exhibitions, congresses and conferences, sporting and entertainment events in order to strengthen Berlin's position in Germany and abroad as a venue for trade fairs and similar events, and participation in events of this kind and all the activities associated with such business.

The company is registered as Messe Berlin GmbH, with headquarters in Berlin, in the commercial register of the Local Court Berlin-Charlottenburg under number HRB 5484 B.

**2. Consolidated entity**

The consolidated entity comprises, alongside Messe Berlin GmbH, twelve domestic and six overseas subsidiaries (previous year: eleven domestic and six overseas subsidiaries), over which Messe Berlin GmbH may exercise, directly or indirectly, a dominant influence.

**General  
information**

As part of the process of full consolidation, the following companies are included in the consolidated financial statement:

Capital Catering GmbH, Berlin (CCG)  
 MB Capital Services GmbH, (CSG)  
 CSG-Team GmbH, Berlin (CSG-Team)  
 Capital Facility GmbH, Berlin (CFG)  
 MW Messe-, Ausstellungs- und Dienstleistungsgesellschaft Wolfsburg mbH, Wolfsburg (MW)  
 Messe Berlin (Singapore) Pte. Ltd., Singapore (MBS)  
 Berlin Exhibition (Guangzhou) Co. Ltd., Guangzhou, China (BEG))  
 MB Exhibitions (Shanghai) Co. Ltd., Shanghai, China (MBE)  
 K.I.T. Group GmbH, Berlin (K.I.T. Group)  
 Festival Technical Event Management GmbH, Berlin (TEM)  
 K.I.T. Group GmbH Dresden, Dresden (K.I.T. Dresden)  
 K.I.T. Group France S.à.r.l., Boulogne-Billancourt, France (K.I.T. France)  
 K.I.T. Conference Management (Beijing) Co. Ltd., Beijing, China (K.I.T. China)  
 Global Produce Events GmbH, Berlin (GPE)  
 Global Produce Events (Shanghai) Co. Ltd., Shanghai, China (GPE Shanghai)  
 Mobile Seasons GmbH, Berlin (MobS)  
 E.G.E. European Green Exhibitions GmbH, Berlin (E.G.E.)  
 MAZ Messe- und Ausstellungszentrum Mühlengiez GmbH, Güstrow (MAZ)

Included in the consolidated financial statement for the first time is MobS, in which Messe Berlin GmbH increased its share from 20% to 51%, effective 1 January 2018.

On 1 January 2018, Messe Berlin GmbH sold 35% of its shares in MBE and thus retains a 65% stake.

Effective 1 January 2018, the K.I.T. Group increased its stake in K.I.T. France by 25% from 75% and thus now holds 100% of the shares.

ExpoCenter Airport Berlin Brandenburg GmbH, Schönefeld (ECA), in which Messe Berlin GmbH holds a 50% stake, is taken into account in the consolidated financial statement by means of proportionate consolidation.

K.I.T. Swiss AG, Laufenburg, Switzerland, which is wholly owned by the K.I.T. Group, K.I.T. Middle East FZ LLC, Abu Dhabi, UAE, in which the K.I.T. Group has a 51% stake, Messe Berlin USA Corp., Pennsylvania, USA, which is wholly owned by Messe Berlin GmbH and CT Lab Global Media LLC, Philadelphia, USA, in which Messe Berlin GmbH holds a 75% stake, were not included in the consolidated financial statement, applying the right of choice in

accordance with Sec. 296 para. 2 HGB, as they are of lesser importance to portraying the Group's actual financial and net assets position and operating result.

The breakdown of share ownership by Messe Berlin GmbH is included in the annex.

### 3. Consolidation principles

The Group reporting date for the consolidated financial statement and all the companies included in the consolidated financial statement is 31 December 2018. The initial consolidation must take place at the time at which the possibility of controlling the assets and the financial and operational actions of the acquired company passes to the Group.

The statements that provide the basis for consolidation were prepared consistently based on the accounting and assessment guidelines set out by the parent company.

Capital consolidation takes place in accordance with the revaluation method. This involves offsetting the stated amounts of the shares held by the respective parent company against the time values of the subsidiary companies' assets and liabilities, which are to be included in the consolidated financial statement. The difference remaining after offsetting, if it comprises assets, is shown as goodwill, and is written off over the anticipated period of use or at fair value on the reporting date. Negative balances are recognised as income in a scheduled procedure, provided that expected losses or expenses do not mitigate against liquidation.

With regard to businesses that were first included in the consolidated financial statement prior to 1 January 2009, capital consolidation is carried out according to the book value method (Sec. 301 para 1 line 2 no. 1 a. F. HGB).

Receivables, liabilities, expenses and revenue between the companies involved are offset against one another. Intercompany profits and losses — insofar as they are significant — are eliminated.

The conversion of statements produced in foreign currency takes place on the reporting date – with the exception of equity capital – at the mean exchange rate in effect on the reporting date. The equity capital (subscribed capital, reserves, profit carried forward) from foreign companies is converted using historical rates from the point at which the subsidiary was first included in the consolidated statement.

## Accounting and assessment principles

The profit and loss statement posts are converted into euros using average annual exchange rates. The differences in the conversion of equity capital arising from the change in the exchange rate from the previous year is shown in the equity capital not affecting profit or loss in the item 'Differences in equity capital resulting from currency conversion'.

### 4. Fundamentals

The annual financial statements for the companies included in the consolidated financial statement have been put together uniformly in accordance with the accounting and measurement principles of Messe Berlin GmbH, while taking going concern into account.

The accounting and measurement principles decisive for the preparation of the financial statements have not been modified compared to the previous year.

### 5. Fixed assets

Intangible assets acquired by payment and tangible assets are recognised at their initial cost. If a long-term reduction in value is anticipated, then a lower value will be entered on the reporting date. Depreciable assets are normally written down linearly over their expected period of use. Rights and licences acquired against payment are usually written down over a period of use of three to five years. Buildings are usually distributed over a period of use of 33.3 years, and operating and business equipment is usually distributed over a period of use of 10 years. Accruals are written down on a pro rata temporis basis.

A fixed value is set for small catering items of Messe Berlin GmbH that are regularly replaced and are of secondary importance compared with the overall value.

The principles defined by Sec. 6 para. 2 EStG [German Income Tax Act] and/ or Sec. 6 para. 2a EStG are applied to low-value assets. Depreciable goods and chattels with initial costs not exceeding EUR 800 are written down in full in the year of acquisition.

Financial assets are shown with initial costs, if necessary – for anticipated long-term or temporary reduction in value – subject to unplanned depreciation at a lower value. Loans are estimated at nominal value, in principle.

### 6. Current Assets

Raw materials, consumables and supplies, as well as goods, are measured at their initial cost or lower fair value on the reporting date, and work in progress is measured at manufacturing cost. Manufacturing costs for future events comprise quantifiable, directly allocatable individual costs (material and individual manufacturing costs), as well as reasonable manufacturing overhead costs. General costs not associated with production are not included in assets.

Receivables and other assets are recognised at nominal value or initial cost or at a lower fair value on the reporting date. Individual risks are taken into account by means of reasonable adjustments in value.

Securities are recognised at their initial cost or at lower fair value. Provided that securities are not accessible to all other creditors and serve only to cover debts from pension liabilities or similar long-term liabilities, then these are offset against the corresponding liabilities.

Financial resources encompass cash-in-hand, bank balances and cheques, and are recognised either at a nominal value or at lower fair value on the reporting date.

### 7. Accruals and deferrals

Any expenditure that occurs or income that is received before the reporting date and that constitutes expenditure and income for a specific period after this date will be shown as active or passive accruals/deferrals.

### 8. Special items

Public investment subsidies, intended for the purchase of tangible fixed assets, are recognised. The special items are written off as recognised income over the period of use of the subsidised assets.

### 9. Provisions and liabilities

Provisions for pensions and similar liabilities are measured on the basis of actuarial calculations in accordance with the projected-unit credit method, taking into account future remuneration and pension adjustments.

Tax provisions and other provisions equivalent to the settlement amount required in accordance with the principles of a rational commercial assessment are made in accordance with the principles of a rational commercial assessment for uncertain liabilities and the threat of losses from pending businesses (taking into account future price and cost increases). All foreseeable risks and uncertain liabilities are taken into account. Liabilities with a

## Details of the balance sheets

residual time to maturity of more than one year are discounted for the time remaining until maturity at the average market rate of interest for the previous seven years.

Liabilities are shown as such at the amount of their fulfilment.

### 10. Deferred taxes

Deferred taxes are determined according to the temporary differences between the estimates in the balance sheet and the fiscal valuation and losses brought forward. Deferred tax assets and liabilities are offset as a sum total; a resulting deferred tax asset surplus is not recognised. This also applies to deferred tax assets in the consolidated financial statement.

### 11. Foreign currency conversion

Assets and liabilities shown in foreign currencies are converted at the mean exchange rate in effect on the reporting date. In accordance with Sec. 256a HGB, where a residual time to maturity is one year or less, the initial cost principle and the realisation principle are not applied.

### 12. Fixed assets

A breakdown of the asset items and their development in 2018, as summarised in the Messe Berlin GmbH balance sheet and the consolidated balance sheet, is shown in the respective statement of changes in fixed assets. A list showing share ownership as of 31 December 2018 is included in the annex.

The resulting goodwill of EUR 408 thousand from the initial consolidation of MobS in 2018 acquired in return for payment will be written down linearly over the expected period of use of three years. This was based on the current substantial contractual terms.

### 13. Receivables and other assets

All receivables and other assets of Messe Berlin GmbH (EUR 48,569 thousand; previous year: EUR 40,024 thousand) have, as in the previous year, a residual time to maturity of less than one year. Within the Group (EUR 48,522 thousand; previous year: EUR 37,793 thousand), other assets in the amount of EUR 104 thousand (previous year: EUR 106 thousand) are shown with a residual time to maturity of more than one year as the only long-term position.

Receivables from affiliated companies of Messe Berlin GmbH amounting to EUR 11,362 thousand (previous year: EUR 8,221 thousand) result mainly from the transfer of subsidiaries' earnings.

As was the case in previous years, the other assets of Messe Berlin GmbH (EUR 15,696 thousand; previous year: EUR 14,272 thousand) mainly comprise advance payments (EUR 14,281 thousand; previous year: EUR 12,720 thousand) and receivables from tax offices (EUR 963 thousand; previous year: EUR 1,257 thousand). In the Group, other assets (EUR 18,257 thousand; previous year: EUR 16,826 thousand) mainly comprise advance payments (EUR 15,044 thousand; previous year: EUR 15,617 thousand) and receivables from tax offices (EUR 2,107 thousand; previous year: EUR 1,675 thousand).

### 14. Deferred expenses

Deferred expenses in the Group (EUR 997 thousand; previous year: EUR 811 thousand) and individual financial statement (EUR 836 thousand; previous year: EUR 666 thousand) consist exclusively of the payments for expenses for a specific period following the reporting date.

### 15. Equity capital

The subscribed capital (share capital) of Messe Berlin GmbH amounts to EUR 20,707,600.

The changes to the Group's equity capital, including the minority shares held by other partners, are shown in the statement of changes in consolidated equity.

The cumulative, earned capital shows the profit and loss of the companies included in the consolidated financial statement.

The minority shares (EUR 3,006 thousand; previous year: EUR 2,867 thousand) refer to the original share capital and the shares of the profits held by minority shareholders in E.G.E., GPE, the K.I.T. Group division, MBE and MobS.

Foreign currency conversion of the equity capital in Singapore dollars in the financial statement of MBS, and in Chinese renminbi in the financial statements of BEG, MBE, K.I.T. China and GPE Shanghai, reveal a difference amounting to EUR -46 thousand (previous year: EUR -130 thousand). The difference, which does not affect net income, is shown under 'Equity capital'.

### 16. Special items for investment subsidies

Public financing assistance as part of the regional economic development scheme for investment projects is shown here. The special items are written off linearly as recognised income over the period of use of the subsidised assets. This item applies within the Group to Messe Berlin GmbH to its full extent.

**17. Provisions**

The provisions shown in the Group for pensions (EUR 16,545 thousand; previous year: EUR 15,761 thousand) were created to meet liabilities arising from rights to future pensions and to current benefits payable to former and current employees of Messe Berlin GmbH and CFG, as well as their surviving dependants.

These liabilities are based on individual and collective agreements. Pension provisions are assessed based on the projected-unit credit method. The provisions were calculated on the basis of an actuarial interest of 3.25% p. a. (previous year: 3.71% p. a.) and a trend in pensions and wages of 2% p. a. and 3% p. a., respectively (previous year: 2% p. a. and 3% p. a.). The life expectancy was based on the 2018 G actuarial tables prepared by Dr Klaus Heubeck. Use of the new tables did not have any major implications.

The difference in accordance with Sec. 253 para. 6 HGB for the Group is EUR 1,882 thousand (previous year: EUR 1,713 thousand) and for Messe Berlin GmbH, EUR 1,123 thousand (previous year: EUR 1,044 thousand) and is subject to a payout block.

Interest components from pensions amounting to EUR 926 thousand (previous year: EUR 803 thousand) for the unconsolidated statement and EUR 1,449 thousand (previous year: EUR 1,207 thousand) for the Group are shown as interest expenditures in the statement of profit or loss, before being offset by the corresponding income of EUR 18 thousand (previous year: EUR 24 thousand) from the cover funds.

The tax provisions shown in the consolidated financial statement amounting to EUR 2,626 thousand (previous year: EUR 2,504 thousand) result mainly from corporation tax and trade tax. In addition, tax provisions for, inter alia, foreign income taxes in the amount of EUR 76 thousand (previous year: EUR 104 thousand) were recognised.

The other provisions take into account all identifiable legal and de facto obligations to third parties, which are likely to be met and for which the amounts can be reliably estimated.

In particular, they include the maintenance obligations arising from the lease agreement with the federal state of Berlin (EUR 17,992 thousand for Messe Berlin GmbH, EUR 18,264 for the Group), provisions for the threat of losses (EUR 12,262 thousand for Messe Berlin GmbH, EUR 13,346 thousand for the Group), provisions for outstanding suppliers' invoices (EUR 17,562 thousand for Messe Berlin GmbH, EUR 21,979 thousand for the Group),

provisions for holiday and leisure time due (EUR 2,061 thousand for Messe Berlin GmbH, EUR 2,993 thousand for the Group), provisions to cover part-time allowances for older employees (EUR 747 thousand for Messe Berlin GmbH, EUR 843 thousand for the Group) and provisions for bonuses (EUR 2,899 thousand for Messe Berlin GmbH, EUR 4,452 thousand for the Group).

The calculation of the provisions to cover part-time allowances for older employees was in accordance with Sec. 253 para. 2 line 1 HGB and was based on a discount interest rate of 1.01% p.a. (previous year: 1.47% p. a.). Future wage increases estimated at 3.0% p.a. were also taken into account. Using the projected-unit credit method, the provision for long-term deposits (accounts for hours worked) was calculated in the Group with a discount interest rate of 2.36% p. a. (previous year: 2.84% p. a.), with future wage increases estimated at 3.0% p.a.

In the unconsolidated financial statement of Messe Berlin GmbH, long-term personnel obligations were offset against assets amounting to EUR 5,739 thousand (EUR 790 thousand for pension liabilities and EUR 4,949 thousand for other provisions). In the consolidated financial statement of Messe Berlin GmbH, long-term personnel obligations were offset against assets amounting to EUR 6,124 thousand (EUR 790 thousand for pension liabilities and EUR 5,334 thousand for other provisions).



	Group		Messe Berlin GmbH	
	2018	2017	2018	2017
	EUR'000	EUR'000	EUR'000	EUR'000
<b>Settlement amount of offset liabilities</b>				
Pension liabilities	17,335	16,598	11,849	11,587
Long-term accounts for worked hours	5,070	4,419	4,839	4,212
Semi-retirement scheme liabilities	1,618	971	1,335	709
<b>Initial cost of assets</b>				
Pension liabilities	772	813	772	813
Long-term accounts for worked hours	4,473	4,235	4,275	4,030
Semi-retirement scheme liabilities	773	436	586	272
<b>Fair value of the assets</b>				
Pension liabilities	790	837	790	837
Long-term accounts for worked hours	4,559	4,317	4,361	4,112
Semi-retirement scheme liabilities	775	452	588	288
<b>Offset costs</b>				
Pension liabilities	1,454	1,212	932	808
Long-term accounts for worked hours	136	141	130	132
Semi-retirement scheme liabilities	37	33	32	28
<b>Offset income</b>				
Pension liabilities	18	24	18	24
Long-term accounts for worked hours	86	82	86	82
Semi-retirement scheme liabilities	2	16	2	16

The fair value of the assets corresponds to the asset value of the reinsurance policy or, where listed shares in funds are involved, the market value of the fund shares as of 31 December 2018.

## 18. Liabilities

Messe Berlin GmbH's liabilities have the following maturities as of 31 December 2018.

Messe Berlin GmbH	31/12/2018			31/12/2017	
	of which with a residual time to maturity				
in EUR'000	of up to	more	more		
	1 year	than 1 year	than 5 years		
Liabilities due to banks	<b>67,317</b>	2,871	64,447	25,982	<b>40,188</b>
Advance payments received on order	<b>27,827</b>	27,501	326	0	<b>31,270</b>
Trade liabilities	<b>7,993</b>	7,993	0	0	<b>4,941</b>
Liabilities to affiliated companies	<b>658</b>	658	0	0	<b>1,450</b>
Liabilities to companies, in which shares are held	<b>596</b>	596	0	0	<b>0</b>
Other liabilities	<b>2,640</b>	2,640	0	0	<b>4,605</b>
of which from taxes	<b>772</b>	772	0	0	<b>1,977</b>
of which for social security	<b>2</b>	2	0	0	<b>0</b>
<b>Total</b>	<b>107,031</b>	<b>42,259</b>	<b>64,773</b>	<b>25,982</b>	<b>82,454</b>

The maturities of the liabilities as of 31 December 2018 in the Group are shown in the following table.

Group	31/12/2018				31/12/2017
	of which with a residual time to maturity				
in EUR'000		of up to 1 year	of which more than 1 year	of which more than 5 years	
Liabilities due to banks	<b>73,819</b>	3,372	70,447	29,482	<b>47,209</b>
Advance payments received on order	<b>32,190</b>	31,864	326	0	<b>37,838</b>
Trade liabilities	<b>11,565</b>	11,565	0	0	<b>7,141</b>
Liabilities to affiliated companies	<b>0</b>	0	0	0	<b>0</b>
Liabilities to companies, in which shares are held	<b>298</b>	298	0	0	<b>0</b>
Other liabilities	<b>7,003</b>	6,978	25	0	<b>8,154</b>
of which from taxes	<b>1,671</b>	1,671	0	0	<b>2,506</b>
of which for social security	<b>26</b>	26	0	0	<b>9</b>
<b>Total</b>	<b>124,875</b>	<b>54,077</b>	<b>70,798</b>	<b>29,482</b>	<b>100,342</b>

#### 19. Valuation unit to hedge interest-rate risks

The bonded loan in the amount of EUR 10,500 thousand, which was taken out in 2013 with a term of more than 10 years, was extended owing to better conditions with a contract from 23 August 2016 to 28 August 2026. This loan is subject to interest change risk. The interest change risk is hedged by means of an interest rate derivative covering its initial term (interest rate swap signed on 2 December 2015 with a constant nominal volume of EUR 10,500 thousand until 28 February 2023). Another interest rate swap was concluded for the extension period of the loan (signed on 9 November 2016 with a constant nominal volume of EUR 10,500 thousand until 28 August 2026). Overall loan and interest derivatives are combined in two separate

evaluation units (micro hedge). The interest rate swap recognised in these evaluation units shows a negative market value of EUR 308 thousand as of 31 December 2018. The fair value was determined in the framework of a mark-to-market measurement. The interest rate of this financial liability is based on the six-month-EURIBOR, which was hedged with a fixed interest rate by the interest swap transaction. Onerous contracts did not need to be allocated, as the unrealised losses as a result of the interest rate swap recognised in the evaluation units were offset by unrealised earnings from the underlying transactions.

Any opposing value changes and payments from the interest transactions and the loan agreements will probably offset each other, because the hedging transactions were adjusted in terms of maturity, term and measurement basis. In order to prospectively measure the effectiveness of the hedging relationship, the critical terms match method is applied. In order to retrospectively measure the effectiveness, the dollar offset method is applied. For capitalisation, the net hedge presentation method is applied, where compensating changes in value resulting from the hedged risk are not recognised, i.e. compensating positive and negative changes in value are not recognised in the statement of profit or loss.

#### 20. Deferred taxes

For Messe Berlin GmbH, deferred tax assets as of 31 December 2018 resulted from temporary differences between the financial and tax statements and differences between tax losses carried forward.

Messe Berlin GmbH	31/12/2018		31/12/2017	
	Deferred	Deferred	Deferred	Deferred
	tax assets <sup>1</sup>	tax liabilities <sup>1</sup>	tax assets <sup>1</sup>	tax liabilities <sup>1</sup>
	EUR'000	EUR'000	EUR'000	EUR'000
Long-term assets	0	43	9	60
Short-term assets	106	0	61	0
Long-term liabilities	1,748	0	1,498	0
Short-term liabilities	4,245	0	3,996	0
Losses carried forward	3,475	0	7,789	0
<b>Subtotal</b>	<b>9,574</b>	<b>43</b>	<b>13,353</b>	<b>60</b>
Balance	43	-43	60	-60
<b>Total</b>	<b>9,531</b>	<b>0</b>	<b>13,293</b>	<b>0</b>

<sup>1</sup> Corporation/solidarity tax rates: 15.83%; Trade tax: 14.35%

In making the calculation, only losses carried forward, regarding which there is sufficient certainty that they can be utilised, are taken into consideration (forecast period five years). Companies based in Germany with the legal form of an incorporated company are subject to corporation tax of 15% and a solidarity surcharge of 5.5% of any corporation tax owed. In addition, such companies are subject to trade tax, the rate being determined in accordance with the local rate of assessment (rate in Berlin 201: 410%). These rates are used as the basis for the calculation.

For Messe Berlin GmbH, there are temporary differences between the book values in the financial and tax statements, amounting to EUR 20,070 thousand (previous year: EUR 17,736 thousand), as well as tax losses carried forward, amounting to around EUR 16 million (previous year: EUR 30 million) for the corporation tax and around EUR 6 million (previous year: EUR 22 million) for the trade tax. For the Group, the temporary differences amount to EUR 19,922 thousand (previous year: EUR 17,927 thousand).

Group	31/12/2018		31/12/2017	
	Deferred	Deferred	Deferred	Deferred
	tax assets <sup>1</sup>	tax liabilities <sup>1</sup>	tax assets <sup>1</sup>	tax liabilities <sup>1</sup>
	EUR'000	EUR'000	EUR'000	EUR'000
Long-term assets	0	43	0	50
Short-term assets	0	0	62	0
Long-term liabilities	1,743	0	1,497	0
Short-term liabilities	4,311	0	3,901	0
Losses carried forward	0	0	7,789	0
<b>Subtotal</b>	<b>6,054</b>	<b>43</b>	<b>13,249</b>	<b>50</b>
Balance	43	-43	50	-50
<b>Total</b>	<b>6,011</b>	<b>0</b>	<b>13,199</b>	<b>0</b>

<sup>1</sup> Corporation/solidarity tax rates: 15.83%; Trade tax: 14.35%; Singapore income tax: 17%

Differences from consolidation measures result in an excess of liabilities to the amount of EUR 10 thousand.

Capitalisation of surplus in both the individual and consolidated financial statements is dispensed with in accordance with Sec. 274 para. 1 line 2, Sec. 300 para. 2 line 2 HGB.

#### 21. Business not included in the balance sheet, contingencies and other financial liabilities

Messe Berlin GmbH is jointly and severally liable for two loans of ECA in the amount of EUR 8,500 thousand each. On the reporting date, the risk of incurring this liability is regarded as minimal based on the planning for 2019 and 2020.

Utilising the right of choice in accordance with Art. 28 para. 1 line 2 EGHGB [Introductory Act on the German Commercial Code], pension obligations are shown neither in the Group nor in the unconsolidated statement of financial position.

Messe Berlin GmbH staff who receive their remuneration in accordance with the German collective agreement for public service employees (TVöD) are insured through the Versorgungsanstalt des Bundes und der Länder (VBL).

The purpose of the VBL is to provide employees of the participating employers with an additional old-age pension through an insurance scheme operated under private law. The VBL is financed with contributions under the partial reserve pay-as-you-go system and additionally, since January 2004, for VBL Ost, through the capital cover system.

The contribution rate for VBL was 8.16% (previous year: 8.06%) as of 30 June of the year under review, of which Messe Berlin GmbH provided 6.45% (previous year: 6.45%). The employees' own contribution amounted to 1.71% of their income (previous year: 1.61%). Starting 1 July in the year under review, the contribution rate amounted to 8.26%, of which Messe Berlin GmbH provided 6.45% and the employees, as of this date, 1.81%. For 566 insured persons, this resulted in a contribution of EUR 2,133 thousand, of which Messe Berlin GmbH also provided 6.45% and the employees 1.81%.

In 2017, there were no other financial liabilities of any importance that were not connected to ongoing business operations.

In Messe Berlin GmbH, financial liabilities from the agreement with the general contractor to the amount of EUR 24,380 thousand arise from order liabilities in relation to the new trade fair and congress hall hub27 Berlin. The investment amount for the construction of the new hall is around EUR 75,000 thousand in total. This has already resulted in a liquidity outflow of around EUR 46,300. Messe Berlin GmbH also has financial liabilities arising from rental and leasing contracts in 2019, to the amount of EUR 1,179 thousand.

In 2019, lease and maintenance obligations arose from the basic agreement with the federal state of Berlin. The existing agreement was extended by a year for 2019.

Messe Berlin GmbH also has an obligation based on the minimum lease from the operating contract with ECA to the amount of EUR 1,200 thousand p.a. until 2031. ECA is considered as having a 50% share in the consolidated financial statement.

Outside of ongoing business operations, there are no other significant financial liabilities for 2019. Events held in the first quarter gave rise to financial liabilities that are within the usual scope and that were taken into account during planning. These liabilities consist of a large number of small amounts.

Furthermore, the other financial liabilities in the Group amount to EUR 4,781 thousand for 2019, EUR 6,049 thousand for 2020–2022, and EUR 33,009 thousand after 2022.

During the financial year under review, no other significant business activities took place that are not included in the balance sheet.

## 22. Business conducted with affiliated companies and persons

In the year under review, no significant business took place with affiliated companies or persons that was not conducted under normal market conditions.

## 23. Turnover

Turnover in the unconsolidated and consolidated financial statements is as follows:

	Group		Messe Berlin GmbH	
	2018	2017	2018	2017
	EUR'000	EUR'000	EUR'000	EUR'000
In-house events	166,942	118,396	143,151	100,107
Guest events, congresses and events	81,361	78,460	28,584	39,981
Services	60,735	44,501	31,920	24,252
Catering services	12,348	13,357	0	0
Portfolio and facility services	12,294	12,120	18,075	16,742
Other turnover	18,381	17,126	15,288	17,749
<b>Total</b>	<b>352,061</b>	<b>283,960</b>	<b>237,018</b>	<b>198,831</b>

The increase in turnover is due, among other things, to the event cycle, i.e. the fact that there were more events in this financial year. Of the turnover from portfolio and facility services, EUR 10,000 thousand (previous year: EUR 10,000 thousand) is compensation from the state of Berlin for ongoing upkeep and maintenance. Turnover was predominantly achieved domestically.

[Details of the statements on profit and loss](#)

	Turnover abroad (Group)	
	2018	2017
	EUR'000	EUR'000
In-house events	13,873	12,178
Congresses and events	16,936	17,359
Services	2,239	1,612
Other turnover	223	94
<b>Total</b>	<b>33,271</b>	<b>31,243</b>

Compared with 2017, Group turnover abroad increased. As in the previous year, the conferences organised by the K.I.T. Group and K.I.T. France overseas, as well as the events organised by GPE and MBS, contributed significantly to the Group's turnover abroad.

#### 24. Other operating income

Other operating income of the Group includes income unrelated to the accounting period from the release of provisions and of value adjustments on receivables totalling EUR 8,397 thousand (EUR 7,931 thousand for Messe Berlin GmbH).

	Group		Messe Berlin GmbH	
	2018	2017	2018	2017
	EUR'000	EUR'000	EUR'000	EUR'000
Income from release of provisions (not specific to the accounting period)	8,129	9,483	7,716	8,344
Income from release of value adjustments on receivables (not specific to the accounting period)	268	409	215	341
Income from release of special items for contributions	545	552	545	552
Income from disposal of fixed assets and attribution to financial assets	318	91	301	89
Remaining operating income	3,272	4,001	2,565	3,535
<b>Total</b>	<b>12,532</b>	<b>14,536</b>	<b>11,342</b>	<b>12,861</b>

#### 25. Employees

In the year under review, the annual average number of staff and apprentices employed was as follows:

	Group		Messe Berlin GmbH	
	2018	2017	2018	2017
Employees	905	874	500	486
Trainees	28	31	19	19
<b>Total</b>	<b>933</b>	<b>905</b>	<b>519</b>	<b>505</b>

Temporary staff were also employed as required.

#### 26. Depreciations

In the financial year under review, depreciation for Messe Berlin GmbH amounted to EUR 7,575 thousand (previous year: EUR 8,337 thousand).

In the year under review, there was an unplanned depreciation to the amount of EUR 500 thousand (previous year: EUR 1,000 thousand) on the financial assets. The depreciation is most likely not long-term. Accordingly, in the financial year under review, depreciation for Messe Berlin GmbH amounted to EUR 8,075 thousand (previous year: EUR 11,226 thousand).

Within the Group, therefore, depreciation also decreased to EUR 8,951 thousand (previous year: EUR 11,674 thousand). MobS goodwill accounted for EUR 136 thousand of this amount.

#### 27. Other operating costs

Other operating costs in the Group rose in comparison with the previous year by EUR 9,019 thousand (for Messe Berlin GmbH, by EUR 9,656 thousand). This increase resulted primarily from higher allocations to the provisions for onerous contracts at Messe Berlin GmbH. Neither the Group nor Messe Berlin GmbH show any expenses that are not specific to the accounting period.

#### 28. Financial profit or loss

In the financial year, interest payments on Messe Berlin GmbH loans were recorded to the amount of EUR 1,055 thousand (previous year: EUR 863 thousand).

### Details of statement of cash flow and joint ventures

#### 29. Taxes

Income-based tax expense of the Group amounts to, in total, EUR 4,067 thousand (previous year: EUR 1,187 thousand). This 2018 financial year total is mainly due to profit taxation of the K.I.T. Group division (EUR 415 thousand), the GPE division (EUR 723 thousand) and Messe Berlin GmbH (EUR 2,629 thousand).

#### 30. Revenues/expenses from profit transfer agreements

Messe Berlin GmbH concluded a control and profit and loss transfer agreement, inter alia, with the K.I.T. Group. The resulting profit transfer of K.I.T. Group GmbH, as well as the compensation payment to the minority shareholders (EUR 267 thousand; previous year: EUR 294 thousand) are netted for Messe Berlin GmbH in the item 'Income from profit transfer agreements'.

Definition of financial resources: Financial resources consist of cheques, cash-in-hand, bank balances and current securities. As in the previous year, the financial resources consist of short-term bank balances, as well as cash and cheques amounting to EUR 83,175 thousand (previous year: EUR 88,207 thousand). EUR 213 thousand concern the financial resources of the company on a proportionately consolidated basis (previous year: EUR 510 thousand).

There were no significant non-cash investment and financing processes and business transactions.

Dividends paid to minority shareholders amounted to EUR 202 thousand (previous year: EUR 470 thousand).

Within the Group, shares in the joint venture ECA generated short-term assets amounting to EUR 214 thousand (previous year: EUR 527 thousand), long-term assets amounting to EUR 10,535 thousand (previous year: EUR 10,922 thousand), short-term liabilities amounting to EUR 837 (previous year: EUR 1,020 thousand) and long-term liabilities amounting to EUR 7,250 thousand (previous year: EUR 7,750 thousand). Costs are to the amount of EUR 847 thousand (previous year: EUR 2,064 thousand). For the 2019 financial year, the joint venture has financial liabilities in the amount of about EUR 957 thousand (of which liabilities due to participating companies of EUR 255 thousand), for the period 2020 until 2022 in the amount of about EUR 3,070 thousand (of which liabilities due to participating companies of EUR 765 thousand) and for the period after 2022 in the amount of approximately EUR 1,168 thousand p.a. (of which liabilities due to participating companies of EUR 255 thousand p.a.).

Messe Berlin has financial liabilities due to the joint venture in the amount of EUR 1,449 thousand p.a.

The joint venture does not employ staff.

#### 30. Management and Supervisory Board

During the financial year, Messe Berlin GmbH consisted of the following bodies:

##### Management:

Dr Christian Göke  
Chairman of the Management Board, Chief Executive Officer

Dirk Hoffmann  
Chief Operating Officer, Chief Financial Officer

##### Supervisory Board:

Wolf-Dieter Wolf  
Managing Partner  
Grundkonzept  
Financial Services Wirtschaftsberatungs- und Beteiligungsgesellschaft mbH,  
Berlin  
Chairman

Ramona Pop  
Mayor of Berlin and Senator  
Senate Department for Economics, Energy and Public Enterprises, Berlin  
First deputy chairwoman

Thomas Jaegler  
Sous-Chef  
Capital Catering GmbH, Berlin  
Employees' representative  
Second deputy chairman

Ulrike Brabant  
Head of Customer Services  
MB Capital Services GmbH, Berlin  
Employees' representative

Jan Eder  
Chief Executive Officer  
Berlin Chamber of Industry and Commerce, Berlin

#### Other details

Thomas Ellerbeck  
Group Executive Committee Member  
Group Corporate & External Affairs  
TUI AG, Hanover/TUI Group office in Berlin

Klaus Feiler  
State Secretary (rtd)  
Senate Department for Finance, Berlin

Ellen Funk-Fritz  
Messe Berlin GmbH, Berlin  
Employees' representative

Catherine Mühlemann  
Entrepreneur and administrative board member  
Andmann Mediaholding GmbH, Baar, Switzerland

Ulrike Niggemann  
Managing director  
Fruitnet Media International GmbH/Fruchthandel Magazin, Düsseldorf

Dr Alexander Pett  
Managing Director  
gfu Consumer & Home Electronics GmbH, Frankfurt/Main

Joachim Rukwied  
President  
German Farmers' Association, Berlin

Dirk Schade  
Team Leader IFA Events/Digital Media/Trade Visitors  
Messe Berlin GmbH, Berlin  
Employees' representative

Georg Walkenbach  
Managing Partner  
Beurer GmbH, Ulm

Norbert Zeglin  
Head of Procurement  
Messe Berlin GmbH, Berlin  
Employees' representative

The earnings of the active members of the Management Board are made up as follows:

	Dr Christian Göke EUR'000	Dirk Hoffmann EUR'000
Fixed remuneration	410 <sup>1</sup>	340
Royalties	180	150
Non-pecuniary and other remuneration	8	15
<b>Total</b>	<b>598</b>	<b>505</b>

<sup>1</sup> Of which, EUR 25 thousand as holiday compensation

Former managers and their dependants received EUR 907 thousand (previous year: EUR 898 thousand) in pensions and benefits. For the groups of persons referred to, pension provisions made as of 31 December 2018 totalled EUR 10,399 thousand (previous year: EUR 10,287 thousand) before having been offset with the actuarial reserve (EUR 790 thousand).

The Supervisory Board received remuneration amounting to EUR 107 thousand (previous year: EUR 107 thousand), which is made up as follows:

in EUR'000	2018
Wolf-Dieter Wolf	10.0
Ramona Pop	7.5
Thomas Jaegler	7.5
Ulrike Brabant	6.0
Jan Eder	8.0
Thomas Ellerbeck	6.0
Klaus Feiler	8.0
Ellen Funk-Fritz	8.0
Catherine Mühlemann	6.0
Ulrike Niggemann	6.0
Dr Alexander Pett	6.0
Joachim Rukwied	8.0
Dirk Schade	6.0
Georg Walkenbach	6.0
Norbert Zeglin	8.0
<b>Total</b>	<b>107.0</b>

### 32. Exceptions pursuant to Sec. 264 para. 3 HGB [German Commercial Code]

With regard to making use of the exceptions pursuant to Sec. 264 para. 3 HGB for the 2018 financial year, Messe Berlin GmbH, as sole shareholder, adopted the resolution on 9 October 2018 for the K.I.T Group, on 22 October 2018 for MW, CCG and CSG, and on 2 November 2018 for CFG. Each of these companies is exempted from preparing an annual financial statement, including the management report, and from auditing and reporting the annual financial statement for the 2018 financial year.

### 33. Total auditor's fee

The total auditor's fee for the financial year is composed of final audit fees (EUR 103 thousand), fees for consulting services (EUR 101 thousand) and fees for tax consulting services (EUR 47 thousand). The final audit fees cover the auditing of the annual financial statements of Messe Berlin GmbH and the subsidiaries, and the auditing of the consolidated financial statement.

### 34. Supplementary report

After the reporting date, there were no events of special significance that could have a significant financial impact.

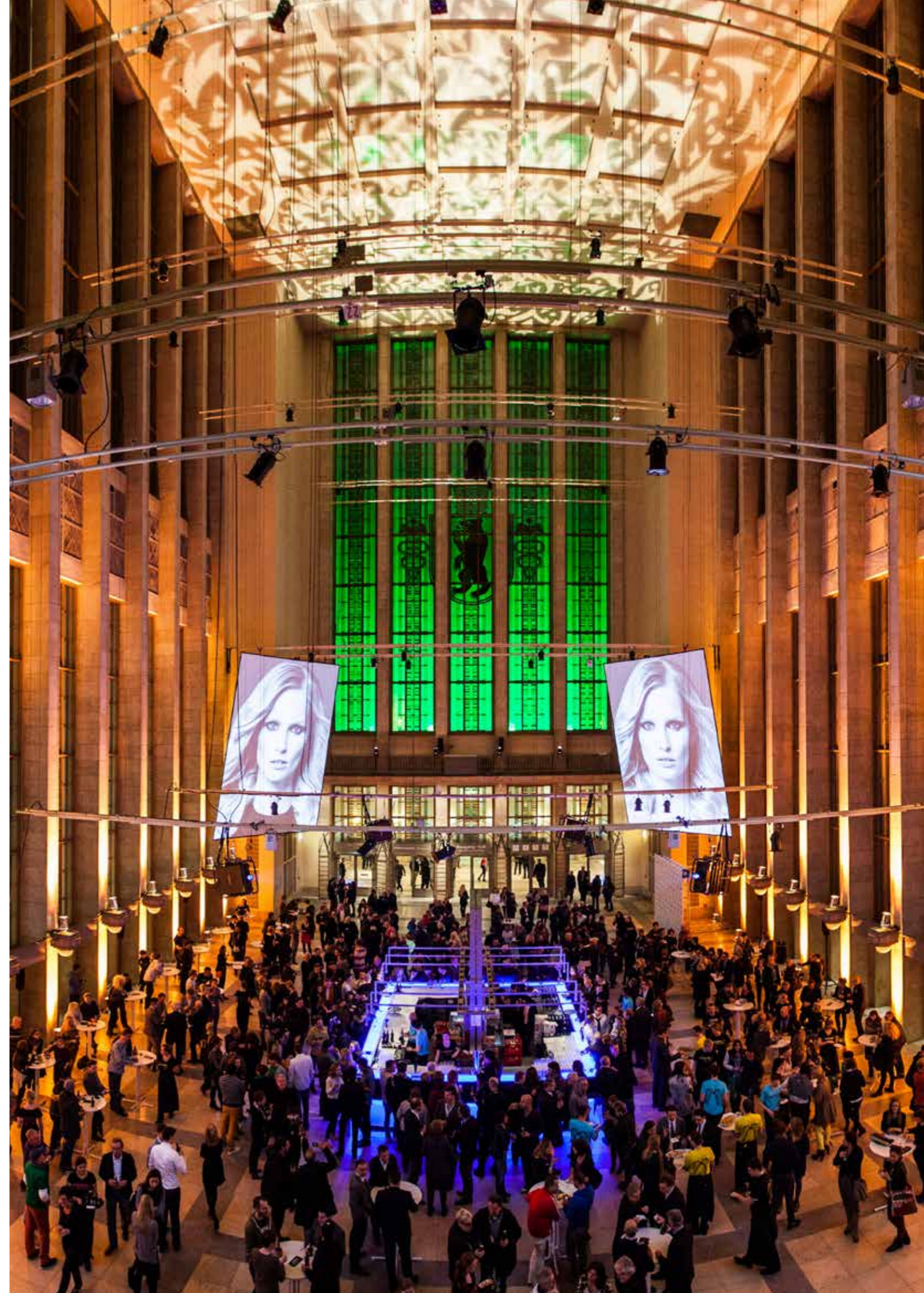
### 35. Proposal for the appropriation of profit

The Management Board proposes to carry forward the annual net profit for the 2018 financial year of Messe Berlin GmbH in the amount of EUR 17,165 thousand, together with the profit carried forward.

Berlin, 26 February 2019

Dr Christian Göke

Dirk Hoffmann





## Annex 1: Consolidated fixed assets

2018

Development of  
Group assets for  
financial year 2018

	Initial cost					31/12/2018 EUR'000	Depreciations				Book values		
	Additions		Reclassifi- cations	Disposals	Disposals from changes in the consoli- dated group		Additions	Disposals	Diffe- rences from currency conversion	31/12/2018	31/12/2018	31/12/2017	
	1/1/18 EUR'000	EUR'000	EUR'000	EUR'000	EUR'000		1/1/2018 EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
<b>I. Intangible assets</b>													
1. Rights and licences acquired against payment	17,245	624	10	-2	0	17,877	15,485	704	-2	0	16,187	1,690	1,760
2. Goodwill	5,075	408	0	0	0	5,483	5,075	136	0	0	5,211	272	0
3. Advance payments	0	10	-10	0	0	0	0	0	0	0	0	0	0
	<b>22,320</b>	<b>1,042</b>	<b>0</b>	<b>-2</b>	<b>0</b>	<b>23,360</b>	<b>20,560</b>	<b>840</b>	<b>-2</b>	<b>0</b>	<b>21,398</b>	<b>1,962</b>	<b>1,760</b>
<b>II. Tangible fixed assets</b>													
1. Land, titles to land and buildings, incl. buildings on third-party premises	169,511	367	237	0	0	170,115	43,550	5,894	0	0	49,444	120,671	125,961
2. Technical installations and machinery	11,506	0	0	0	0	11,506	3,723	744	0	0	4,467	7,039	7,783
3. Operating and business equipment	25,729	1,361	0	-3,086	0	24,004	20,860	1,223	-3,069	2	19,016	4,988	4,869
4. Advance payments and assets under construction	6,710	42,105	-237	-	0	48,578	0	0	0	0	0	48,578	6,710
	<b>213,456</b>	<b>43,833</b>	<b>0</b>	<b>-3,086</b>	<b>0</b>	<b>254,203</b>	<b>68,133</b>	<b>7,861</b>	<b>-3,069</b>	<b>2</b>	<b>72,927</b>	<b>181,276</b>	<b>145,323</b>
<b>III. Financial assets</b>													
1. Shares in affiliated companies	310	11	0	0	0	321	0	0	0	0	0	321	310
2. Shareholdings	145	0	0	0	-119	26	0	0	0	0	0	26	145
3. Loans to affiliated companies	0	430	0	0	0	430	0	0	0	0	0	430	0
4. Loans to companies in which shares are held	635	250	0	0	-135	750	500	250	0	0	750	0	135
	<b>1,090</b>	<b>691</b>	<b>0</b>	<b>0</b>	<b>-254</b>	<b>1,527</b>	<b>500</b>	<b>250</b>	<b>0</b>	<b>0</b>	<b>750</b>	<b>777</b>	<b>590</b>
	<b>236,866</b>	<b>45,566</b>	<b>0</b>	<b>-3,088</b>	<b>-254</b>	<b>279,090</b>	<b>89,193</b>	<b>8,951</b>	<b>-3,071</b>	<b>2</b>	<b>95,075</b>	<b>184,015</b>	<b>147,673</b>

## Annex 2: Fixed assets Messe Berlin GmbH

2018

Development of the  
fixed assets of Messe  
Berlin GmbH for the  
2018 financial year

	Initial cost					Depreciations				Book values	
	1/1/2018 EUR'000	Additions EUR'000	Reclassifi- cations EUR'000	Disposals EUR'000	31/12/2018 EUR'000	1/1/2018 EUR'000	Additions EUR'000	Disposals EUR'000	31/12/2018 EUR'000	Book value	Book value
										31/12/2018 EUR'000	31.12.2017 EUR'000
<b>I. Intangible assets</b>											
1. Rights and licences acquired against payment	12,949	437	0	0	13,386	11,839	499	0	12,338	1,048	1,110
	<b>12,949</b>	<b>437</b>	<b>0</b>	<b>0</b>	<b>13,386</b>	<b>11,839</b>	<b>499</b>	<b>0</b>	<b>12,338</b>	<b>1,048</b>	<b>1,110</b>
<b>II. Tangible fixed assets</b>											
1. Land, titles to land and buildings, incl. buildings on third-party premises	159,319	150	237	0	159,706	41,400	5,476	0	46,876	112,830	117,919
2. Technical installations and machinery	8,161	0	0	0	8,161	2,786	578	0	3,364	4,797	5,375
3. Operating and business equipment	23,892	1,125	0	-2,982	22,035	19,451	1,022	-2,978	17,495	4,540	4,441
4. Advance payments and assets under construction	6,709	42,105	-237	0	48,577	0	0	0	0	48,577	6,709
	<b>198,081</b>	<b>43,380</b>	<b>0</b>	<b>-2,982</b>	<b>238,479</b>	<b>63,637</b>	<b>7,076</b>	<b>-2,978</b>	<b>67,735</b>	<b>170,744</b>	<b>134,444</b>
<b>III. Financial assets</b>											
1. Shares in affiliated companies	10,723	184	120	-231	10,796	0	0	0	0	10,796	10,723
2. Loans to affiliated companies	509	1,302	135	0	1,946	0	0	0	0	1,946	509
3. Shareholdings	5,157	0	-120	0	5,037	869	0	0	869	4,168	4,288
4. Loans to companies in which shares are held	1,135	500	-135	0	1,500	1,000	500	0	1,500	0	135
	<b>17,524</b>	<b>1,986</b>	<b>0</b>	<b>-231</b>	<b>19,279</b>	<b>1,869</b>	<b>500</b>	<b>0</b>	<b>2,369</b>	<b>16,910</b>	<b>15,655</b>
	<b>228,554</b>	<b>45,803</b>	<b>0</b>	<b>-3,213</b>	<b>271,144</b>	<b>77,345</b>	<b>8,075</b>	<b>-2,978</b>	<b>82,442</b>	<b>188,702</b>	<b>151,209</b>

## Annex 3: Breakdown of share ownership

2018

Breakdown of  
share ownership

	Share of nominal capital	Equity capital	Result
	%	EUR'000	EUR'000
<b>Affiliated companies (direct)</b>			
<b>Messe Berlin GmbH, Berlin</b>			
Capital Catering GmbH, Berlin <sup>1,2</sup>	100	60	0
MB Capital Services GmbH, Berlin <sup>1,2</sup>	100	400	0
Capital Facility GmbH, Berlin <sup>1,2</sup>	100	182	0
MW Messe-, Ausstellungs- und Dienstleistungs- gesellschaft Wolfsburg mbH, Wolfsburg <sup>1,2</sup>	100	626	0
Messe Berlin (Singapore) Pte. Ltd., Singapore <sup>2,5</sup>	100	2,877	1,361
Berlin Exhibition (Guangzhou) Co. Ltd., Guangzhou, China <sup>2,6</sup>	100	-630	-696
MB Exhibitions (Shanghai) Co. Ltd., Shanghai, China <sup>2,7</sup>	100	-210	-453
Messe Berlin USA Corp., Pennsylvania, USA <sup>4,8</sup>	100	-462	-294
K.I.T. Group GmbH, Berlin <sup>1,2</sup>	75	25	0
Global Produce Events GmbH, Berlin <sup>2</sup>	70	2,901	1,553
Mobile Seasons GmbH <sup>2</sup>	51	-748	-543
E.G.E. European Green Exhibitions GmbH, Berlin <sup>2</sup>	50	3,200	142
<b>Shareholdings</b>			
ExpoCenter Airport Berlin Brandenburg GmbH, Selchow <sup>3</sup>	50	4,419	107

	Share of nominal capital	Equity capital	Result
	%	EUR'000	EUR'000
<b>Affiliated companies (indirect)</b>			
<b>MB Capital Services GmbH, Berlin</b>			
CSG-Team GmbH, Berlin <sup>2</sup>	100	204	36
<b>E.G.E. European Green Exhibitions GmbH, Berlin</b>			
MAZ Messe- und Ausstellungszentrum Mühlengiez GmbH, Güstrow <sup>1,2</sup>	100	27	0
<b>Global Produce Events GmbH, Berlin</b>			
Global Produce Events Co. Ltd., Shanghai, China <sup>2,9</sup>	100	-270	-335
<b>Messe Berlin USA Corp., Pennsylvania, USA</b>			
CT Lab Global Media, LLC, Philadelphia, USA <sup>4</sup>	75	-898	-392
<b>K.I.T. Group GmbH, Berlin</b>			
Festival Technical Event Management GmbH, Berlin <sup>2</sup>	50.10	432	271
K.I.T. Group GmbH Dresden, Dresden <sup>2</sup>	55.08	59	1
K.I.T. Swiss AG, Laufenburg, Switzerland <sup>4,10</sup>	100	139	88
K.I.T. Group France S.à.r.l., Boulogne- Billancourt, France <sup>2</sup>	100	454	188
K.I.T. Conference Management (Beijing) Co. Ltd., Beijing, China <sup>2,11</sup>	75	380	353
K.I.T. Group Middle East FZ LLC, Abu Dhabi, United Arab Emirates <sup>4,12</sup>	51	764	260

<sup>1</sup> Control and profit-and-loss agreement with the parent company

<sup>2</sup> Fully consolidated

<sup>3</sup> Proportionally consolidated

<sup>4</sup> According to Sec. 296 para. 2 HGB and/or Sec. 311 para. 2 HGB of lesser importance and therefore not included in the consolidated financial statement

<sup>5</sup> Share capital: SGD 100,000

<sup>6</sup> Share capital: CNY 2,950,744.50

<sup>7</sup> Share capital: CNY 4,855,643.92

<sup>8</sup> Share capital: USD 250,000

<sup>9</sup> Share capital: CNY 2,100,000

<sup>10</sup> Share capital: CHF 100,000

<sup>11</sup> Share capital: CNY 1,923,862.50

<sup>12</sup> Previous year's values, 2018 annual financial statement unavailable when report was created

## Independent audit certificate

# 2018

### Note on audit of the annual financial statement and the management report

To Messe Berlin GmbH, Berlin

#### Audit assessments

We have audited the annual financial statement of Messe Berlin GmbH, Berlin – consisting of the balance sheet as of 31 December 2018 and the profit and loss statement for the financial year from 1 January to 31 December 2018 and the annex that is combined with the Group's note in the consolidated financial statement, including the presentation of the accounting and assessment methods. We have also audited the management report of Messe Berlin GmbH, which is combined with the Group management report, for the financial year from 1 January to 31 December 2018. We have not substantively examined the components of the management report named in the 'Other information' section of our audit certificate, in compliance with the provisions of German law.

According to our assessment based on the knowledge acquired during the audit:

- the attached annual financial statement complies in all significant respects with the provisions of German commercial law and conveys an image of the net asset and financial position of the company as of 31 December 2018 and its operating result for the financial year from 1 January to 31 December 2018, in line with the actual conditions, having due regard to the German principles of proper accounting; and
- the attached management report conveys an accurate image of the company's situation overall. In all significant respects, this management report is consistent with the annual financial statement, complies with the provisions of German law and accurately presents the risks and opportunities of future development. Our audit assessment of the management report does not cover the content of the sections of the management report named in the 'Other information' section.

In accordance with Sec. 322 para. 3 line 1 HGB, we declare that our audit has not led to any objections to the regularity of the annual financial statement and management report.

#### Basis for audit assessments

We have conducted our audit of the annual financial statement and management report in accordance with Sec. 317 HGB, having due regard to the German principles of correct financial auditing as laid down by the auditing institute – Institut der Wirtschaftsprüfer (IDW). Our responsibility in accordance with these provisions and principles is described in greater detail

in the section 'Responsibility of the auditor for the auditing of the annual financial statement and management report'. We are independent of the company in line with German commercial and labour law and have fulfilled our other German professional obligations in line with these requirements. In our opinion, the audit evidence we obtain is sufficient and suitable to serve as a basis for our audit assessments regarding the annual financial statement and management report.

#### Other information

The legally appointed representatives are responsible for other information. The other information includes the following components of the management report, which are not substantively examined:

- the declaration in the 'Percentage of women in management positions' section of the management report on company management in accordance with Sec. 289f para. 4 HGB (information on the proportion of women);
- the declaration of conformity with the Berlin Corporate Governance Code.

Our audit assessments for the annual financial statement and management report do not cover the other information and, accordingly, we do not issue an audit assessment or any other form of audit conclusion in this regard.

In conjunction with our audit, we are also responsible for reading the other information and recognising whether the other information

- shows significant discrepancies with the annual financial statement, management report or the information we obtained during the audit; or
- otherwise appears to be significantly false in its representation.

#### Responsibility of the legally appointed representatives and the Supervisory Board for the annual financial statement and the management report

The legally appointed representatives are responsible for producing the annual financial statement, in compliance with the provisions of German commercial law in all significant respects, and ensuring that the annual financial statement conveys an image of the net assets, financial position and operating result of the company in line with actual circumstances, having due regard to the German principles of proper accounting. The legally appointed representatives are also responsible for the internal checks which they have determined as necessary, in accordance with the German principles of proper accounting, to enable the creation of an annual financial statement that is free of significant – intentional or unintentional – false representations.

When producing the annual financial statement, the legally appointed representatives are responsible for assessing the Group's ability to pursue its business activity. They are also responsible for providing information in conjunction with the continued operation as a going concern, if relevant. They are also responsible for producing the balance sheet according to accounting principle of continued operation as a going concern, unless factual or legal circumstances contradict it.

The legally appointed representatives are also responsible for producing the management report, which conveys an accurate image of the company's situation overall and is consistent with the annual financial statement in all significant respects, complies with the provisions of German law and accurately presents the opportunities and risks of future development. The legally appointed representatives are also responsible for the arrangements and measures (systems) that they deemed necessary to enable the creation of a management report in line with the applicable provisions of German law and to be able to produce sufficient suitable evidence for the statements in the management report.

The Supervisory Board is responsible for monitoring the company accounting process for producing the financial statement and management report.

#### **Auditor's responsibility for the auditing of the annual financial statement and the management report**

Our aim is to obtain sufficient certainty as to whether the financial statement as a whole is free of significant – intentional or unintentional – false representations and whether the management report conveys an accurate image of the company's situation overall and is consistent in all significant respects with the financial statement and the knowledge acquired in the audit, complies with the provisions of German law and accurately presents the opportunities and risks of future development, and to issue an audit certificate that includes our audit assessments with regard to the financial statement and the management report.

Sufficient certainty is a high degree of certainty but no guarantee that an audit conducted in compliance with Sec. 317 HGB, having due regard to the German principles of correct financial auditing as laid down by the auditing institute – Institut der Wirtschaftsprüfer (IDW) – will always uncover a significant false representation. False representations may result from infringements or inaccuracies and are deemed significant if it could reasonably be expected that they have an influence individually or as a whole on business decisions of recipients that are taken based on this financial statement and management report.

During the audit, we exercise due discretion and maintain a critical stance. We also:

- identify and assess the risks of significant – intentional or unintentional – false representations in the annual financial statement and management report, plan and conduct auditing activities as a reaction to these risks and obtain audit evidence that is sufficient and suitable to serve as a basis for our audit assessments. The risk of significant false representations not being revealed is greater in the case of infringements than inaccuracies, as infringements may comprise fraudulent collaboration, falsification, intentional incompleteness, misleading representations and/or derogation from internal checks.
- acquire an understanding of the internal control system relevant for auditing the annual financial statement and the arrangements and measures relevant for auditing the management report in order to plan auditing activities that are appropriate under the circumstances, albeit not with the aim of issuing an audit assessment of the efficacy of the company's systems.
- assess the suitability of the accounting methods used by the legally appointed representatives and the tenability of the estimated values presented by the legally appointed representatives and associated information.
- draw conclusions regarding the suitability of the accounting principle of continued operation as a going concern applied by the legally appointed representatives and, based on the audit evidence obtained, as to whether there is a significant uncertainty regarding events or circumstances which may cast significant doubt on the company's capacity to continue operations as a going concern. If we reach the conclusion that there is a significant uncertainty, we are obliged to point out, in the audit certificate, the relevant information in the annual financial statement and management report or, if this information is unsuitable, to modify our audit assessment. We draw our conclusions based on the audit evidence obtained as of the date of our audit certificate. Future events or circumstances may, however, mean that the company can no longer continue to pursue its business activity.
- assess the overall presentation, the structure and the content of the annual financial statement, including the information and whether the annual financial statement presents the fundamental business transactions and events in such a way that the annual financial statement

conveys an image of the net assets, financial position and operating result of the company in line with the actual conditions, having due regard to the German principles of proper accounting.

- assess the management report's compliance with the annual financial statement, its legal compliance and the image it conveys of the company's situation.
- conduct auditing activities for the information pertaining to the future presented by the legally appointed representatives in the management report. Based on sufficient and suitable audit evidence, we analyse significant assumptions, particularly those used as a basis for the information pertaining to the future provided by the legally appointed representatives, and assess the factual derivation of information pertaining to the future from these assumptions. We do not issue an independent audit assessment on the information pertaining to the future and the basic assumptions. There is a significant unavoidable risk that future events may deviate significantly from the information pertaining to the future.

We discuss with the person responsible for monitoring matters including the planned extent and scheduling of the audit and significant audit findings, including any deficiencies in the internal monitoring system that we notice during our audit.

#### **Audit assessments**

We have audited the consolidated financial statement of Messe Berlin GmbH, Berlin, and its subsidiaries (the Group) – consisting of the Group balance sheet as of 31 December 2018, the consolidated statement of profit and loss, the statement of changes in consolidated equity and the consolidated statement of cash for the financial year from 1 January to 31 December 2018 and the Group's notes, which are combined with the notes on the annual financial statement, including the presentation of accounting and assessment methods. We also audited the Group management report of Messe Berlin GmbH, which is combined with the management report for the company, covering the period from 1 January to 31 December 2018. We have not substantively examined the components of the Group management report named in the 'Other information' section, in accordance with the provisions of German law.

According to our assessment based on the knowledge acquired during the audit,

- the attached consolidated financial statement complies in all significant respects with the provisions of German commercial law and conveys an image of the net asset and financial position of the Group as of 31 December 2018 and its operating result for the financial year from 1 January to 31 December 2018, in line with the actual conditions, having due regard to the German principles of proper accounting and
- the attached Group management report conveys an accurate image of the Group's situation overall. In all significant respects, this Group management report is consistent with the consolidated financial statement, complies with the provisions of German law and accurately presents the opportunities and risks of future development. Our audit assessment of the Group management report does not cover the content of the sections of the Group management report named in the 'Other information' section.

In accordance with Sec. 322 para. 3 line 1 HGB, we declare that our audit has not led to any objections as to the regularity of the consolidated financial statement and Group management report.

#### **Basis for audit assessments**

We have conducted our audit of the consolidated financial statement and the Group management report in compliance with Sec. 317 HGB, having due regard to the German principles of correct financial auditing as laid down by the auditing institute – Institut der Wirtschaftsprüfer (IDW).

Our responsibility in line with these provisions and principles is described in further detail in the 'Auditor's responsibility for the auditing of the annual financial statement and the management report' in our audit certificate. We are independent of the Group company in line with German commercial and labour law and have fulfilled our other German professional obligations in line with these requirements. In our opinion, the audit evidence we obtain is suitable and sufficient to serve as a basis for our audit assessments regarding the consolidated financial statement and Group management report.

#### **Other information**

The legally appointed representatives are responsible for other information. Other information includes the following aspects of the Group management report, which are not substantively examined:

- the declaration in the 'Percentage of women in management positions' section of the Group management report on company management in accordance with Sec. 289f para. 4 HGB (information on the proportion of women);
- the declaration of conformity with the Berlin Corporate Governance Code.

Our audit assessments of the consolidated financial statement and Group management report do not cover the other information and, accordingly, we do not issue any audit statements or any other form of audit conclusion in this regard.

In conjunction with our audit, we are also responsible for reading the other information and recognising whether the other information

- shows significant discrepancies with the consolidated financial statement, Group management report or the information we obtained during the audit; or
- otherwise appears to be significantly false in its representation.

#### **Responsibility of the legally appointed representatives and the Supervisory Board for the consolidated financial statement and the Group management report**

The legally appointed representatives are responsible for producing the consolidated financial statement, in compliance with the provisions of German commercial law in all significant respects, and ensuring that the consolidated financial statement conveys an image of the net assets, financial position and operating result of the Group in line with actual circumstances, having due regard to the German principles of proper accounting. The legally appointed representatives are also responsible for the internal checks that they have determined as necessary, in accordance with the German principles of proper accounting, to enable the creation of a consolidated financial statement that is free of significant – intentional or unintentional – false representations.

When producing the consolidated financial statement, the legally appointed representatives are responsible for assessing the Group's ability to pursue its business activity. They are also responsible for providing information in conjunction with the continued operation as a going concern, if relevant. They are also responsible for producing the balance sheet according to accounting principle of continued operation as a going concern, unless factual or legal circumstances contradict it.

The legal representatives are also responsible for producing the Group management report, which conveys an accurate image of the Group's situation and is consistent in all significant respects with the consolidated financial statement, complies with the provisions of German law and presents the opportunities and risks of future development in an accurate way. The legally appointed representatives are also responsible for the arrangements and measures (systems) that they deemed necessary to enable the creation of a Group management report in line with the applicable provisions of German law and to be able to produce sufficient suitable evidence for the statements in the Group management report.

The Supervisory Board is responsible for monitoring the Group accounting process for producing the consolidated financial statement and Group management report.

#### **Auditor's responsibility for auditing the consolidated financial statement and the Group management report**

Our aim is to obtain sufficient certainty as to whether the consolidated financial statement as a whole is free of significant – intentional or unintentional – false representations and whether the Group management report conveys an accurate image of the Group's situation overall and is consistent in all significant respects with the consolidated financial statement and the knowledge acquired in the audit, complies with the provisions of German law and accurately presents the opportunities and risks of future development, and to issue an audit certificate that includes our audit assessments with regard to the consolidated financial statement and the Group management report.

Sufficient certainty is a high degree of certainty but no guarantee that an audit conducted in compliance with Sec. 317 HGB, having due regard to the German principles of correct financial auditing as laid down by the auditing institute – Institut der Wirtschaftsprüfer (IDW) – will always uncover a significant false representation. False representations may result from infringements or inaccuracies and are deemed significant if it could reasonably be expected that they have an influence individually or as a whole on business decisions of recipients that are taken based on this consolidated financial statement and Group management report.

During the audit, we exercise due discretion and maintain a critical stance. We also:

- identify and assess the risks of significant – intentional or unintentional – false representations in the consolidated financial statement and Group

management report, plan and conduct auditing activities as a reaction to these risks and obtain audit evidence that is sufficient and suitable to serve as a basis for our audit assessments. The risk of significant false representations not being revealed is greater in the case of infringements than inaccuracies, as infringements may comprise fraudulent collaboration, falsification, intentional incompleteness, misleading representations and/or derogation from internal checks.

- acquire an understanding of the internal control system relevant for auditing the consolidated financial statement and the arrangements and measures relevant for auditing the Group management report in order to plan auditing activities that are appropriate under the circumstances, albeit not with the aim of issuing an audit assessment of the efficacy of these systems.
- assess the suitability of the accounting methods used by the legally appointed representatives and the tenability of the estimated values presented by the legally appointed representatives and associated information.
- draw conclusions regarding the suitability of the accounting principle of continued operation as a going concern applied by the legally appointed representatives and, based on the audit evidence obtained, as to whether there is a significant uncertainty regarding events or circumstances which may cast significant doubt on the Group's capacity to continue operations as a going concern. If we reach the conclusion that there is a significant uncertainty, we are obliged to point out, in the audit certificate, the relevant information in the consolidated financial statement and Group management report or, if this information is unsuitable, to modify our audit assessment. We draw our conclusions based on the audit evidence obtained as of the date of our audit certificate. Future events or circumstances may, however, mean that the Group can no longer continue to pursue its business activity.
- assess the overall representation of the structure and content of the consolidated financial statement, including the details and whether the consolidated financial statement presents the fundamental business transactions and events in such a way that the consolidated financial statement conveys an image of the Group's net assets, financial position and operating result that corresponds to actual circumstances, taking into account the German principles of proper accounting.
- gather sufficient suitable audit evidence for the accounting information of the companies or business activities within the Group, in order to issue audit assessments on the consolidated financial statement and Group management report. We are responsible for the direction, monitoring and implementation of the consolidated financial statement audit. We hold sole responsibility for our audit assessments.
- assess the Group management report's compliance with the consolidated financial statement, its legal compliance and the image it conveys of the Group's situation.
- conduct auditing activities for the information pertaining to the future set out by the legally appointed representatives in the Group management report. Based on sufficient and suitable audit evidence, we analyse significant assumptions, particularly those used as a basis for the information pertaining to the future provided by the legally appointed representatives, and assess the factual derivation of information pertaining to the future from these assumptions. We do not issue an independent audit assessment on the information pertaining to the future and the basic assumptions. There is a significant unavoidable risk that future events may deviate significantly from the information pertaining to the future.

We discuss with the persons responsible for monitoring matters including the planned extent and scheduling of the audit and significant audit findings, including any deficiencies in the internal monitoring system that we notice during our audit.

Berlin, 26 February 2019

PricewaterhouseCoopers GmbH  
Auditing company

Dierk Schultz  
Auditor

p.p. Jan Witing  
Auditor



**Berlin Corporate Governance Code (BCGK)****2018****Declaration in respect  
of the Berlin  
Corporate Governance  
Code (BCGK) for the  
2018 financial year**

As an unlisted company Messe Berlin GmbH applies the Berlin Corporate Governance Code (BCGK) on the basis of the participation guidelines issued by the federal state of Berlin, which the Senate Department for Finance requires Messe Berlin to observe, being a company in which the federal state of Berlin holds a stake greater than 50%.

In its meeting of 15 December 2015, the Senate of Berlin decided to update the notes in regard to the participations of the state. The update was prompted, inter alia, by the modifications to the German Corporate Governance Code (DCGK). Therefore, a short declaration of conformity in regard to the corresponding application of the DCGK shall suffice. The declaration of conformity and the annual report have been made available on the website of Messe Berlin GmbH.

The behavioural recommendations as set out in the Berlin Corporate Governance Code have been complied with in the 2018 financial year by Messe Berlin GmbH, with the exception of the following deviations:

**I. Management Board****1. D&O insurances**

D&O insurances are agreed with a deductible for the Management Board and without a deductible for the Supervisory Board.

**2. Management employment contracts**

In view of vested rights and their three-year contractual term, the contracts of Management Board members do not, in the event of premature termination without serious cause, limit severance pay to the equivalent of two years' salary including ancillary benefits, i.e. no severance payment cap is stipulated, nor to just the remaining term of the contract.

At its ordinary meeting on 13 December 2017, the Supervisory Board, on the recommendation of the Personnel and Presidential Committee, agreed to a one-off payment in lieu of holiday not taken for the Chairman of the Management Board. The grounds for this were that, for operational reasons, the holiday could not be used up within the time period covered by the contract. The one-off payment was made in January 2018. In this regard, the Supervisory Board agreed to the suggestion by the Personnel and Presidential Committee to adapt managers' employment contracts such that it is possible to take contractually agreed holiday up to 24 months after the end of the holiday year on operational grounds and with the explicit agreement of the Chairman of the Supervisory Board.

**II. Supervisory Board****1. Transfer of decision-making authority to committees by the Supervisory Board****a) Personnel and Presidential Committee**

The Supervisory Board also includes a Personnel and Presidential Committee, which prepares the Supervisory Board's decisions on human resources matters concerning the Management Board. The Chairman of this committee is the Chairman of the Supervisory Board.

Under its resolution of 7 July 2014, the Supervisory Board has continued to assign to the Personnel and Presidential Committee the tasks and authority to act as an audit committee until the end of the current term of office. The Personnel and Presidential Committee therefore also deals with issues involving accounting, and with risk management and compliance, the necessary independence of the auditor, the awarding of the auditing contract to the auditor, the definition of the priorities of the audit and the agreement about fees. The chair of the meetings that address auditing issues is appointed by the Supervisory Board and must be a member of the committee other than the committee chair.

The Personnel and Presidential Committee held no extraordinary meeting in the 2018 financial year.

**b) Investment Committee**

The Supervisory Board also has an Investment Committee. Its task is to advise the Supervisory Board in its dealings and decisions regarding significant asset and financial investments, in accordance with the company's general strategy. In its decision of 30 November 2017, the Investment Committee agreed to convene only as required and to deal with issues directly as part of Supervisory Board meetings. The Investment Committee has met on one occasion.

The Supervisory Board has not assigned any further decision-making authority to any committees.

**2. Age limit for members of management**

No age limit has been set whereby members of management must leave the company. It is not the practice for a management member to take over the chairmanship of the Supervisory Board or one of its committees.

**3. Age limit for members of the Supervisory Board**

No age limit has been set for members of the Supervisory Board.

#### 4. Participation of Supervisory Board members in Supervisory Board meetings

All members of the Supervisory Board participated in at least half of the meetings in the 2018 financial year.

#### 5. Conflicts of interest

The Supervisory Board has set out procedural arrangements for conflicts of interest affecting the Supervisory and Management Boards.

### III. Accounting

#### 1. Interim reports

The interim reports do not contain a list of associated companies with details on the name and headquarters of the company, names and holding amounts of shareholders, amount of equity capital, result of the last financial year, information on whether voting rights correspond to holding amounts. The organisational charts on trade fair participation do not contain all of the above information.



## Supervisory Board Report

# 2018

### Supervisory Board Report

#### Cooperation between the Supervisory Board and Management Board

In 2018, the Supervisory Board once again discharged its tasks as a supervisory body in accordance with the law and the company articles, and continuously monitored the company's Management Board. The Supervisory Board supported the Management in a consultative capacity and was involved in all decisions that were of fundamental importance to the company. This applies in particular with regard to corporate planning and to the main projects and investments. Matters which, in accordance with the law and the company agreement, require the approval of the Supervisory Board were submitted for a ruling.

The Chairman of the Management Board kept the Chairman of the Supervisory Board regularly informed (verbally and in writing) about all important business occurrences and about the economic development of the company. Between meetings, the Chairman of the Supervisory Board regularly shared information and ideas with Management.

The members of the Supervisory Board always had sufficient time to critically examine the presented reports and the draft resolutions from Management, and to discuss them with the latter. Operational topics were presented to the Supervisory Board in a meticulous manner on the basis of an analysis of the value potential and of the opportunities and risks. The Supervisory Board has given its approval to the individual business transactions requiring approval.

The employee representatives discussed the plenary sessions' agenda items in separate preliminary talks. The shareholder representatives decided to hold preliminary discussions as necessary.

At each meeting, the participants received information about ongoing business operations in Germany and abroad, as well as the current key data reports of Messe Berlin Group. At each meeting, reports were given on the meetings of the Personnel and Presidential Committee and the Investment Committee. Other areas of focus are mentioned below.

#### Supervisory Board meetings

In the 2018 financial year, the Supervisory Board of Messe Berlin GmbH convened in four regular meetings.

The Supervisory Board has been kept regularly informed about the economic and financial position of Messe Berlin.

In the 2018 financial year, Messe Berlin was able to achieve significant increases in turnover, in both the trade fair and congress sectors. Once

again, Messe Berlin reported the best result in the company's history. In addition, the proportion of international exhibitors at in-house events at Berlin trade fair venues rose to a record 67%. As in previous years, increasing internationalisation remains part of the business strategy. The entire board also continually discussed, on the basis of comprehensive information, the arrangements for financing stage 1 of the ExpoCenter City Berlin master plan, the construction of hub27, the framework conditions of and future alternatives to the IFA Berlin Air Show in 2020 and beyond, as well as the status of negotiations surrounding the sale of the ECA site near BER. Reports on events that had taken place in the previous quarter were also regular agenda items.

The first ordinary meeting of the Supervisory Board on 12 April 2018 focused on the annual and consolidated financial statements for 2017. On the recommendation of the Personnel and Presidential Committee and following discussion with the auditors present from PricewaterhouseCoopers GmbH, the Supervisory Board resolved to adopt the 2017 annual financial statement for submission to the shareholders' meeting.

In its second ordinary meeting, on 21 June 2018, the Supervisory Board mainly addressed the above-mentioned ongoing topics. To implement the Senate decision on the planned transfer of land to Messe Berlin GmbH, the Supervisory Board agreed to purchase the company shares of minority shareholders through Messe Berlin GmbH at face value, in accordance with Sec. 33 GmbHG (Limited Liability Companies Act).

In its third ordinary meeting, on 4 October 2018, the entire board addressed, alongside the regular agenda items mentioned above, the IT strategy and transport concept at ExpoCenter City, which was successfully implemented for IFA and InnoTrans.

At the fourth ordinary meeting of the Supervisory Board, on 28 November 2018, the Management Board provided the plenary with extensive information regarding the 2019 business and financial plan, which the Supervisory Board duly adopted, and the medium-term 2019–2023 plan, which the Supervisory Board acknowledged. The Supervisory Board was told, among other things, about the successful launch of the Smart Country Convention in November 2018.

All members of the Supervisory Board participated in at least half of the meetings in the 2018 financial year.

**Reports on the work of the committees**

In 2018, the Personnel and Presidential Committee held five ordinary meetings.

In its meetings, the Personnel and Presidential Committee addressed human resources issues relating to the Management Board and turned the Supervisory Board's decisions into recommendations for the ordinary shareholders' meeting.

In accordance with a decision by the Supervisory Board on 7 July 2014, the Personnel and Presidential Committee also deals with issues involving accounting and risk management, compliance, the necessary independence of the auditor, the awarding of the auditing contract to the auditor, the definition of audit priorities and the agreement about fees. At this meeting, the Supervisory Board also assigned to the Personnel and Presidential Committee the tasks and authority of an audit committee until the end of the current term of office.

The Investment Committee met once during the 2018 financial year, during which it addressed, inter alia, implementation of the Berlin ExpoCenter City master plan, the future of the ILA and sale of the ECA site, and progress in the construction of hub27 Berlin.

**Corporate governance**

On the basis of a decision by the Supervisory Board on 30 September 2004, Messe Berlin GmbH applies the Berlin Corporate Governance Code (BCGK). In accordance with Sec. 161 of the Stock Corporation Act (AktG), the declaration of conformity with the BCGK of the Management and Supervisory Boards for the 2018 financial year is published on Messe Berlin's web pages and elsewhere, including in the business report.

**Audit of the annual financial statement**

The annual financial statement and consolidated financial statement provided by the Management Board, together with the management report and Group management report for the 2018 financial year, have been examined by the auditors appointed by the shareholders of Messe Berlin GmbH, PricewaterhouseCoopers GmbH audit company, and have been awarded the unconditional audit certificate.

The auditors informed the Personnel and Presidential Committee, at its meeting on 20 March 2019, and the Supervisory Board, at its meeting on the same date, about the contents of the annual financial statement and the consolidated financial statement for 2018 and answered all the questions

raised by the members.

The Supervisory Board examined and approved the annual financial statement and the management report, and also recommended to the shareholders' meeting to approve the financial statements. Furthermore, the consolidated financial statement and the Group management report were acknowledged. The Supervisory Board has positively acknowledged the result of the auditors' examination.

The Supervisory Board has approved the proposal by the Management Board to apply the findings.

**Personnel changes on the Supervisory Board**

There were no personnel changes on the Supervisory Board in 2018.

The term of office of the current Supervisory Board ends with its exoneration for the 2018 financial year during the 2019 ordinary shareholders' meeting, likely to take place on 10 April 2019. The election of employee representatives for the next term of office took place on schedule, and shareholder representatives will be elected during the 2019 ordinary shareholders' meeting.

The outgoing Supervisory Board thanks the Management for its faithful cooperation.

Berlin, 20 March 2019



Supervisory Board  
Wolf-Dieter Wolf  
Chairman

