

# Annual Financial Statements 2019

# Preface

Welcome to the 2019 Annual Report of Hamburg Messe und Congress GmbH (HMC)

Once a year, we take a look back, give you a glimpse behind the scenes, and inform you about our plans for the future. Our annual report is divided into the sections titled "Insight," "Outlook," and "Vision," but the "Outlook" is a particular challenge for the publication of this report in the summer of 2020: with the outbreak of the coronavirus pandemic, a wrench has been thrown into the works of our routines and processes around the world. Public life has sputtered, the global economy has been dealt a heavy blow, and no one can predict how quickly we will be able to return to normalcy, which is why we too are breaking with routine and beginning with the outlook in this foreword.

Hamburg Messe und Congress felt the first effects of the threat presented by the coronavirus at the beginning of February 2020, when questions arose regarding the safe participation in our exhibition oohh! The Leisure Worlds of Hamburg Messe. We went ahead with realization of the exhibition after careful consideration, but the oohh! event remains the last of our own events to have taken place. The virus, which at that time had only been found in China, was spreading with increasing speed. This was followed by uncertainty around the globe, protective measures, prohibitions of large-scale events, travel restrictions, postponements of exhibitions and congresses, and ultimately cancellations en masse.

Even though we are now quite confident that several of our leading exhibitions can be realized after postponement, our plans of finishing 2020 as the fiscal year with the most revenue in company history will not be possible; on the contrary, we will conclude the 2020 fiscal year with an unexpectedly significant loss. However, we are still very happy that, to date, all of our employees have managed to stay healthy during the pandemic.

And, with that, we come to our 2019 reporting year, which – with 73 events on the exhibition grounds, more than 1.26 million square meters of used space, two successful premieres of own exhibitions, and a well-received Rotary International Convention – featured a series of special events. In addition to seven of our own trade fairs, we hosted 36 guest events and 30 events on the exhibition grounds that had to be relocated due to the temporary closure of the CCH – Congress Center Hamburg. All in all a new record for us, just like the total gross floor area used.

# Preface

In spite of these successes, we considered the 2019 fiscal year as a trailblazer for our plans for 2020, a year in which we were looking forward to the first events in the new CCH in the summer. But, due to the coronavirus pandemic, these first few events will also not be able to proceed as planned.

We are convinced, however, that the exhibition and congress industry will emerge from this crisis even stronger than before. On the one hand, the pandemic has led to the significant acceleration of the digitization already under way. On the other hand, the temporary contact restrictions made necessary by the pandemic once again brutally demonstrated to us how valuable personal encounters are.

At this juncture, we would like to express our heartfelt thanks to our exhibitors and visitors, our partners, our Supervisory Board, the Free and Hanseatic City of Hamburg, and all of our employees for their support and loyalty throughout 2019 and during the ongoing crisis.

Kind regards,

Bernd Aufderheide  
CEO

Uwe Fischer  
CFO



left: Uwe Fischer, Chief Financial Officer / right: Bernd Aufderheide, President and Chief Executive Officer (© HMC / Michael Zapf)

# Hamburg Messe und Congress GmbH in figures

	2019	2018	2017	2016	2015
<b>Financial figures (in € million)</b>					
Revenue	67.9	104.3	72.8	110.9	62.0
Balance sheet total	89.7	83.2	81.6	117.2	114.8
<b>Staff</b>					
Employees (full-time equivalents (FTEs))	268	255	254	262	257
Trainees (average)	21	21	20	20	21
<b>Hamburg Messe (incl. CCH as of 2017)</b>					
Total trade fair exhibitors	10,237	14,104	9,983	15,277	9,751
of which own events	2,996	8,217	3,452	8,217	3,317
of which guest events	6,310	5,736	6,448	7,060	6,434
of which CCH events	931	151	83		
Total trade fair visitors	696,749	745,769	668,974	766,314	568,142
of which own events	204,572	377,341	284,485	443,548	253,381
of which guest events	416,507	345,308	338,119	322,766	314,761
of which CCH events	75,670	23,120	46,370		
Total gross area used (excl. outdoor areas) in m <sup>2</sup>	1,264,036	1,221,888	1,078,561	1,041,409	816,322
Number of trade fairs and exhibitions	73+1*	61+1*	63+1*	44+1*	42+1*
of which own events	7+1*	11+1*	7+1*	10+1*	6+1*
of which guest events	36	31	31	34	36
of which CCH events	30	19	25		
* external events					
<b>Abroad</b>					
Number of trade fairs and exhibitions	19+1**	15	17+1**	14+1**	26
of which joint events	15	14	16	14	25
Total exhibitors	703	347	702	404	1,150
of which joint events	468	347	423	404	788
** EXPO participation					
<b>CCH – Congress Center Hamburg</b>					
Total events				226	224
of which congresses and conferences				130	120
of which other events				96	104
Total participants				292,763	326,307
of which congresses and conferences				150,041	161,720
of which other events				142,722	164,587

There is no comparability with previous years for 2017.

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

# Balance Sheet / Income Statement

## 2019 Financial Statements of Hamburg Messe und Congress GmbH

### BALANCE SHEET / Assets

as of December 31, 2019

(in EUR thousand)	2019	2018
1. Fixed assets	58,574	57,588
2. Current assets	31,140	25,571
Total ASSETS	89,714	83,159

### BALANCE SHEET / Liabilities

as of December 31, 2019

(in EUR thousand)		
1. Equity	11,679	11,679
2. Liabilities	78,035	71,480
Total EQUITY AND LIABILITIES	89,714	83,159

### INCOME STATEMENT

for the Fiscal Year from January 1 to December 31, 2019

All figures in € thousands

1. Total revenue	69,863	105,559
2. Personnel expenses	21,427	20,755
3. Other expenses	79,753	86,387
4. Profit/loss before loss absorption	-31,317	-1,583

On March 11, 2020, FIDES Treuhand GmbH & Co. KG Wirtschaftsprüfungsgesellschaft issued an unqualified audit opinion for the complete annual financial statements and management report.

# Condensed Management Report 2019

## A. Business and economic environment

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

According to preliminary calculations by the Association of the German Trade Fair Industry (AU-MA), the number of exhibitors at the 163 international and national trade fairs in Germany rose by 1 percent compared to the respective previous events. The number of visitors decreased by 2 percent compared to the respective previous events, primarily due to developments in the automotive industry.

### 2. International business

The Federal Ministry of Economics and Energy (BMWi) and the Federal Ministry of Food and Agriculture (BMEL) support German exhibitors at overseas trade fairs with their international trade fair program. The number of participations in international trade fairs amounted to 288 in 2019.

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

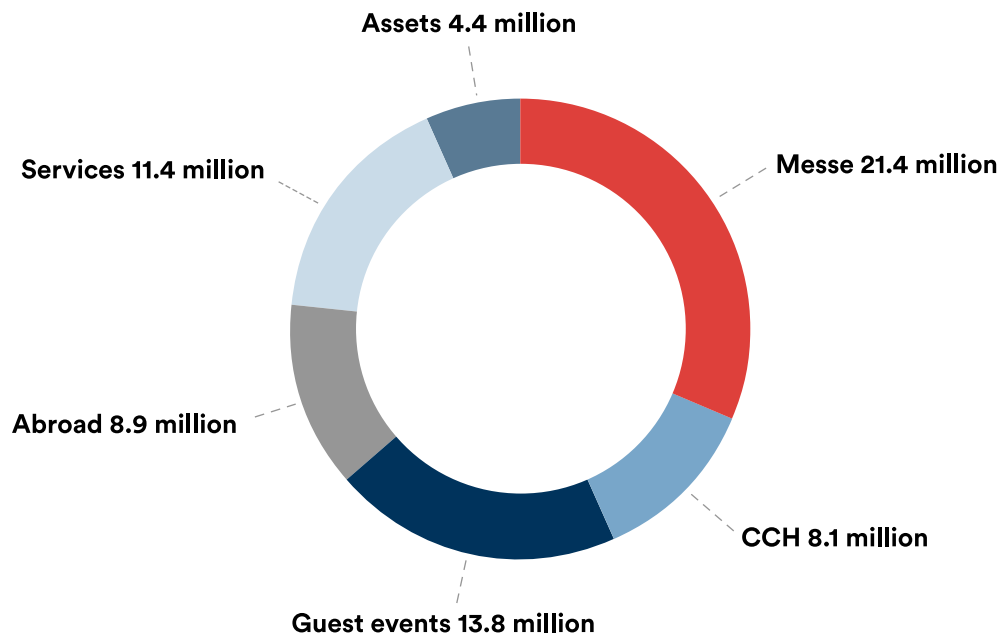
Figures for the performance of the domestic and international congress market are not yet available for 2019. According to the Meeting & EventBarometer 2018/2019 study, Germany, with growth of 1.6 percent in the number of participants in 2018, was once again a growth market. Compared to the previous year, these visitors were distributed across fewer but larger events.

In the annual ranking of the International Congress and Convention Association (ICCA), Germany once again took the second spot – behind only the United States – in a worldwide comparison of international events.

## B. Business development of HMC

In 2019, HMC generated revenue of 67.9 million euros. This was 4.9 million euros down on the reference year 2017, which is above all due to changes in the structuring of realization agreements with the Federal Republic of Germany. At EXPO 2019 in Beijing, China – unlike for EXPO 2017 in Astana, Kazakhstan – HMC commissioned the services on behalf of and on the account of the Federal Republic of Germany. The largest share of revenue (69 percent) was generated by the Own Events and Guest Events Trade Fair and Services divisions.

# Condensed Management Report 2019



## REVENUE

**67.9 million euro**

### 1. Hamburg Messe division

In terms of realized revenues, the Hamburg Messe division developed slightly better than planned. This positive deviation is primarily due to INTERNORGA and the MARINE INTERIORS event, which was realized for the first time in 2019.

HOME<sup>2</sup>, an exhibition for real estate, construction, and refurbishment, took place for the third time in 2019. In terms of content, HOME<sup>2</sup> is subdivided into three themed areas: "Real Estate, Financ-ing, Consulting," "New Build, Moderniza-tion, and Renovation," and "Gardening and Landscaping." The exhibition thus brings together qualified support and current trends on a wide range of phases and questions regarding real estate acquisition and construction under one roof. The rented space once again increased while the number of visitors decreased.

# Condensed Management Report 2019

OOHH! took place for the second time with its individual brands REISEN HAMBURG, KREUZFAHRTWELT HAMBURG, CARAVANING HAMBURG, RAD HAMBURG, and FOTOHAVEN HAMBURG. OOHH! continued to benefit from the upturn in the caravan industry, which drove the rented space up by 1.7 percent compared with the predecessor event. In contrast, the number of exhibitors fell by 8 percent, which was primarily due to the decrease in the number of coexhibitors of the individual REISEN HAMBURG brand. The number of visitors increased by 10.4 percent.

In 2019, INTERNORGA once again demonstrated its position as the leading trade fair in the German gastronomy industry. In its 93rd edition, 1,311 exhibitors occupied the fully booked exhibition grounds including the lightweight construction hall B6.1. The number of visitors increased by 5.3 percent compared to the previous year.

The In-Water Boat Show, which was renamed HAMBURG ANCORA YACHTFESTIVAL for its tenth anniversary, took place at the ancora Marina (Neustadt, Holstein) in 2019. The event recorded growth of 4.7 percent with regard to the number of exhibitors, with the number of visitors coming slightly below the previous event at around 17,000 due to one day of rain.

SEATRADE EUROPE, the conference trade fair for cruises and river cruises, took place for the second time in cooperation with UBM (UK) Ltd. In spite of the decrease in number of exhibitors, the rented exhibition space increased by 1.4 percent. Among visitors, a significant increase was achieved primarily with regard to representatives from shipping companies, who are the main target group of the exhibitors. The MARINE INTERIORS event, which was realized for the first time in parallel, was an additional attractive draw for visitors, especially shipping company representatives.

The MARINE INTERIORS event (Cruise & Ferry Global Expo powered by SMM) made its debut from September 11 to 13, 2019, with a focus on interior design for passenger ships. More than 100 exhibitors from 20 markets met up with architects, designers, technicians, and purchasers from renowned design firms, shipping companies, and shipyards. Altogether, some 2,700 experts from over 50 countries visited the exhibition, which featured a high-caliber conference program on current topics related to ship design and the potential of the Chinese market for the cruise sector of the shipbuilding industry. MARINE INTERIORS was intentionally scheduled to run parallel to SEATRADE EUROPE in order to create synergy benefits for both visitors and exhibitors. The exhibition was a success, although it had to make a name for itself in a hard-fought market environment with three other premieres in the same sector in Miami, Barcelona, and Shanghai.

For the third time, HMC organized INMEX SMM INDIA in collaboration with Informa Markets. A total of 250 exhibitors from 22 countries and around 6,800 visitors took part in the largest and most important maritime trade fair in South Asia, which was realized in the Bombay Exhibition Centre in Mumbai. The exhibition was accompanied by a conference, the second CIMAC Circle, as well as various expert workshops.

THERAPIE HAMBURG was held on October 25 and 26, 2019, for the first time in partnership with Leipziger Messe. With its 100 exhibitors and some 2,400 professional visitors, the trade fair with a congress for physiotherapists, ergotherapists, and sport therapists made a successful start. Together with Leipziger Messe, the intention is to establish THERAPIE HAMBURG as an important meeting place for the industry in northern Germany and to develop it further.



# Condensed Management Report 2019

MINERALIEN HAMBURG, an international exhibition for minerals, fossils, jewels, and jewelry, was held for the 42nd time in 2019 and, compared to the previous year, was characterized by lower participation rates among exhibitors, the associated exhibition space, and visitors. Due to the lack of a positive outlook – falling membership numbers in the collectors' associations, a lack of successor businesses among the exhibitors, and a decrease in the number of interested collectors as visitors – the MINERALIEN HAMBURG event will no longer be held as an own event.

The Guest Events division developed better than planned in the year under review. Revenue was 6.6 percent higher than the original budget. A total of 36 guest events were realized at the HMC exhibition grounds. In addition to the continued realization of NORDSTIL, the AIRCRAFT INTERIORS EXPO, and the OMR FESTIVAL, the outstanding events of 2019 included BIO-EUROPE and ARCHITECT@WORK.

A total of 44 trade fairs and exhibitions were held in 2019 (reference year 2017: 39), including eight own events (seven on the exhibition grounds, one in Neustadt, Holstein). Around 621,000 visitors attended the events realized in Germany – nearly as many as in the reference year 2017. While the HANSEBOOT and HAMBURG MOTOR CLASSICS events were held for the last time in 2017, our own events MARINE INTERIORS and THERAPIE HAMBURG made their debuts in 2019. The gross rented space rose compared to the reference year 2017 by 5 percent and amounted to 854,268 square meters. Additional gross hall space of 409,768 square meters was rented for the 30 CCH events realized on the exhibition grounds in 2019.

## 2. International Events division

Every year, HMC organizes many joint participations in trade fairs, mainly on behalf of the Federal Ministry for Economic Affairs and Energy (BMWi) and the Federal Ministry of Food and Agriculture (BMEL). This year, the focus of the participations was on the maritime, oil and gas, hotel, gastronomy, and medical technology industries. In the reporting period, HMC organized 12 joint participations on behalf of the BMWi. Some highlights of activities abroad were the successful organization and realization of the MARINTEC CHINA event in Shanghai with more than 90 exhibitors and the OFFSHORE TECHNOLOGY CONFERENCE (OTC) in Houston with more than 60 exhibitors, as well as the organization of an international private-sector joint participation in the INTERNATIONAL COUNCIL ON COMBUSTION ENGINES (CIMAC) in Vancouver. The realization of the German contribution to the International Horticultural Exhibition 2019 in Beijing on behalf of the BMEL is also worth mentioning. The expo took place from April 29 to October 7, 2019.

## 3. CCH division

Since January 1, 2017, the CCH has been closed for the revitalization prescribed by the Free and Hanseatic City of Hamburg in 2014. During the scheduled renovation period, CCH customers were offered an interim solution on the exhibition grounds, the so-called A Solution. Due to a delay in construction, the new CCH was not able to open as planned on September 1, 2019, with the new opening date slated for August 2020. Congresses and events already booked for the second half of 2019 were still able to be realized on the exhibition grounds with an alternative solution. Included among these events were the Congress of the German Urologists' Society (DGU) with 6,800 participants, an event of the European Society for Vascular Surgery (ESVS) with 1,765 participants, the ENDOCLUBNORD event with 2,100 participants, and an event of the German Interdisciplinary Association for Intensive and Emergency Medicine (DIVI) with 5,600 participants.

# Condensed Management Report 2019

## C. Economic situation

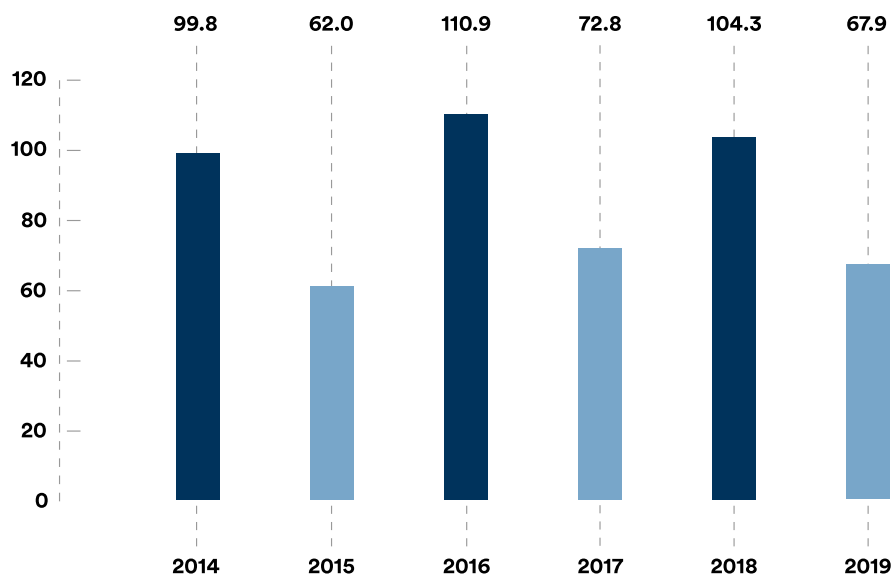
### 1. Development of revenue

In 2019, HMC recorded revenue of 67.9 million euros (2017: 72.8 million euros). The total revenue of 2019 breaks down to the individual divisions as follows: Exhibition: 21.4 million euros; CCH: 8.1 million euros; Guest Events: 13.8 million euros; International Business: 8.9 million euros; Services: 11.4 million euros. Revenue from the Property division totaled 4.4 million euros.

### 2. Profit/loss for the year

The 2019 fiscal year ended with a loss for the year of 31.3 million euros before loss absorption by HGV. Compared to the reference year 2017, higher expenses in particular for the temporary solution for CCH events on the exhibition grounds, higher maintenance costs, and higher interest expenses for the allocation to pension provisions led to this change in earnings. In addition, the transfer of assets and loans for the expansion of the CCH from 2007 with disposal profits contributed to improved earnings for the year.

REVENUE (IN € MILLION)



# Condensed Management Report 2019

## 3. Employees

At the end of 2019, not including student interns, HMC had 319 (2018: 310) employees, of which 298 had permanent and 21 temporary contracts (2018: 287 permanent and 23 temporary contracts). Expressed in FTEs, HMC had around 268 as of year-end (2018: 255). In addition, HMC provided 21 apprenticeships for prospective event, office, and IT administrators, event technology specialists, and Bachelor of Arts (BA) students participating in dual-study programs.

HMC would like to keep expanding the share of women in management positions. The goal of increasing the share to at least 40 percent by 2017 was already achieved in 2016. As of year-end 2019, women accounted for 44 percent of management positions.

## 4. Net assets

Total assets increased by 6.6 million euros to 89.7 million euros in the year under review, resulting in a fall in the equity ratio from 14.0 percent to 13.0 percent.

## 5. Financial position

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

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

### 1. Outlook

HMC is planning to continue its profitable growth and break even over a two-year period by 2025. Hence, a strategy entitled "ROAD TO 2025" was developed, which describes the challenges, goals, and fields of action to reach this goal. Growth will be primarily achieved through the expansion of HMC's own trade fairs, the acquisition of profitable guest events, and the realization of additional events in the CCH once it has reopened. Collaborations with other domestic and international trade fair organizers will also be considered and larger numbers of events acquired for the uneven years wherever possible. HMC is currently carrying out a strategy review, which takes current trends and developments into account. The topics of growth, digitization, and increasing maintenance expenses for exhibition halls represent particular challenges in this regard.

# Condensed Management Report 2019

## 2. Earnings

For the 2020 fiscal year, HMC budgeted for revenue of 111.2 million euros, which represents growth of 6.6 percent compared to the reference year. The budget accounts for a net loss before loss absorption in the amount of approximately 8.9 million euros, in particular due to the significant financing costs for leasing the Neue Messe as well as the costs related to temporary solutions for CCH events on the exhibition grounds in the first half of 2020. The current strategy calls for HMC to break even over a two-year period by 2024/25. Property costs will continue to have a negative impact on earnings in the coming years.

Due to the prevalence of the coronavirus pandemic, events have already been cancelled and/or postponed for 2020, which will have a negative impact on both the revenue and earnings for the 2020 fiscal year. At the present time, the full extent of the negative effects cannot yet be estimated.

HGV will absorb the losses that are expected in 2020 and the odd-numbered years within the scope of the existing profit-and-loss-transfer agreement.

## 3. Risk report

### Risk management

HMC maintains a risk management system that enables a timely and systematic analysis and evaluation of the company's exposure to risk as well as the development of pertinent counter-measures. The analyses and assessments relate to both strategic and operational risks.

At present, HMC is unaware of any risks that could jeopardize its future development. Due to the prevalence of the coronavirus pandemic, fewer events will be taking place or more will be postponed in the 2020 fiscal year, which will have a negative impact on revenue and earnings for the 2020 fiscal year.

No financial risks are apparent.

Hamburg, March 6, 2020

Bernd Aufderheide  
CEO

Uwe Fischer  
CFO

# Report of the Supervisory Board

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

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

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

The Supervisory Board held four ordinary meetings in the reporting year. Three Supervisory Board resolutions were also passed by circulation of documents. The Finance Committee met twice and the Construction Committee three times. The Human Resources Committee held two ordinary meetings in the reporting year.

On June 20, 2019, the Annual General Meeting of Hamburg Messe und Congress GmbH appointed FIDES Treuhand GmbH & Co. KG (FIDES) to audit the company's annual financial statements and to ensure the company's due and proper conduct of business for the fiscal year from January 1 to December 31, 2019.

FIDES audited the annual financial statements – consisting of balance sheet, income statement, and notes – together with the bookkeeping system and the management report for the fiscal year from January 1 to December 31, 2019.

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

The Finance Committee at its meeting on May 18, 2020, and the Supervisory Board at its meeting on June 16, 2020 – both of which took place as web conferences due to the coronavirus pandemic – examined the annual financial statements, the management report, and the report from FIDES in detail. The Supervisory Board has no objections to these documents and agrees with the results of the auditor's report. The Supervisory Board approves both the management report and the annual financial statements as of December 31, 2019.

The Supervisory Board thanks the Management Board and the employees for the successful 2019 fiscal year.

Hamburg, June 2020

State Secretary Dr. Torsten Sevecke  
Chairman of Supervisory Board

# Supervisory Board 2019

## Name

## Position

Johann C. Lindenberg

Former National Chairman of Unilever Deutschland,  
Chairman of the Supervisory Board (until June 19, 2019)

Dr. Torsten Sevecke

Hamburg Ministry for Economics, Transport, and Innovation,  
Chairman of the Supervisory Board (since September 10, 2019)

Christi Degen

Hamburg Chamber of Commerce (until June 19, 2019)

Jeanette Gonnermann

Hamburg Chamber of Commerce (since September 10, 2019)

Brigitte Engler

City Management Hamburg

Jutta Hartung

Hamburg Financial Authority

Kai Hollmann

Gastwerk Hotel Hamburg Verwaltungsgesellschaft mbH

Oliver Jensen

HGV Hamburger Gesellschaft für Vermögens- und  
Beteiligungsmanagement mbH

Julia Wöhlke

Iwan Budnikowsky GmbH & Co. KG (since September 10, 2019)

Martin Köppen

Hamburg Ministry for Economics, Transport, and Innovation

Dr. Renate Krümmner

KRÜMMER fine art e. K. (until June 19, 2019)

Hartmut Hofmann

Hamburg Messe und Congress GmbH

Claudia Jeske

Hamburg Messe und Congress GmbH (until June 19, 2019)

Matthias Balz

Hamburg Messe und Congress GmbH (since September 10, 2019)

Loretta Marsh

Hamburg Messe und Congress GmbH

Frank Minak

Hamburg Messe und Congress GmbH

# Statement of compliance

## with the Hamburger Corporate Governance Code (HCGC)

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

“With two exceptions, Hamburg Messe und Congress GmbH complied with all the regulations of the Hamburg Corporate Governance Code, for which the Management Board and Supervisory Board were responsible during the 2019 fiscal year.

The following items were not observed:

- Section 5.1.5: The six-week period for distributing the minutes regarding resolutions made by the Supervisory Board could not be adhered to at all times, as the draft minutes had to be approved prior to their publication and the approval processes were not completed in time.
- Section 5.4.8: One member of the Supervisory Board was present in person for fewer than half of the Supervisory Board meetings during the 2019 fiscal year.

In the 2019 fiscal year, Mr. Aufderheide received total gross compensation of 308,990.82 euros, and Mr. Fischer received total gross compensation of 248,372.30 euros. The breakdown of the total compensation can be viewed online at [hamburgmesse.de](http://hamburgmesse.de).”

Hamburg, June 2020

State Secretary Dr. Torsten Sevecke  
Chairman of Supervisory Board

Bernd Aufderheide  
CEO

Uwe Fischer  
CFO



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