

Press release

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Koelnmesse CEO Böse: “We stay at operating temperature”

**Despite the serious impact, navigating the crisis with a steady hand
54 trade fairs were cancelled in 2020 as revenue fell to 95 million euro**

“We intend to stay at operating temperature”, said Gerald Böse, President and Chief Executive Officer of Koelnmesse. “Our industries want to return to in-person encounters as soon as possible. In spite of the many opportunities digital formats we have to offer, we look forward to re-establishing the linkage between the new possibilities of the digital trade fair world and in-person meetings. We want to get going full throttle again in our halls - with our first trade fair in 2021. This is something for which we have prepared very well during the past few months of the pandemic.”

To date, the financial reserves stemming from the solid economic trend of recent years, combined with short-time work and the current policy of strict austerity have carried the company through the crisis without major staffing cuts. As can be seen throughout the trade fair industry, however, the situation has clearly left its mark in the balance sheet. No own events have been organised on the trade fair grounds in Cologne since March 2020. In 2020, 54 out of 70 trade fairs planned for Germany and abroad were cancelled or postponed - repeatedly, in some cases.

Chief Financial Officer Herbert Marner estimates around 95 million euro in revenue for 2020, with a loss of roughly 115 million euro. Of great aid to the company today is the fact that in 2019, after several years of growth, it booked record revenue of 413 million euro, with more than 30 million euro in profit after tax: “Nearly half of our above-average equity of more than 250 million euro may have been consumed by year’s end, but the equity remaining is still enough to handle previously known and potential further losses in 2021. This is also set to be true for liquidity for the time being, which we might have to replenish with fresh borrowing in the second half of the year. Before that, though - contrary to our plans before the crisis - we also want to finance a portion of our innovation and investment programme Koelnmesse 3.0 through an additional, earmarked equity increase of 120 million euro as part of the effort to safeguard our future competitiveness. We currently have this matter under discussion with our shareholders.”

Digital trade fairs in Germany and abroad

According to Management Board member Oliver Frese, in office as Chief Operating Officer since early 2020, there were physical Koelnmesse events in 2020, with around 7,000 exhibitors and 400,000 visitors in attendance. In Germany, there were five own trade fairs organised in physical format, and four in digital format. Seven were held abroad, including interzum guangzhou and THAIFEX - Anuga Asia in Bangkok, both of which have already been relaunched successfully and to solid

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commercial effect. Four guest trade fairs were held in Cologne as well, along with congresses outside the trade fair schedule, with a total of around 100,000 participants.

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Added to these were purely digital events held in Germany and elsewhere, such as gamescom and DMEXCO@home. “They have demonstrated”, Frese pointed out, “that not only events for the general public but also meetings designed primarily for the business community and held online, have the potential to succeed.” Using a newly created digital platform, both events were set up over a few weeks’ time in the summer. “But there’s one message we are hearing very clearly from our customers”, Frese continued: “Digital solutions alone do not lead to success. We have since improved upon our digital business models in order to put them to profitable use for our customers in hybrid formats in the years ahead. The trade fairs of tomorrow will consist of high-calibre, physical core events held on-site, accompanied by an unprecedented level of global digital reach. This is something we intend to demonstrate in the field - as soon as the pandemic permits.”

“Weathering the crisis with a top-flight team”

The average number of employees within the Koelnmesse Group worldwide in 2020 was 934. In addition to Koelnmesse GmbH, this figure covers 13 subsidiaries abroad along with the new Koelncongress GmbH in Cologne, created in 2020 through the merger of the former Koelnmesse Ausstellungen GmbH and KölnKongress GmbH. Koelnmesse reacted to the uncertain situation as early as March 2020, by pausing its recruitment. “However”, Gerald Böse insisted, “our declared goal remains to weather the crisis with our top-flight team as intact as possible. Because we need the team. We will devote our full attention to the challenges posed by the changes in the trade fair sector. Thanks to having equipped the entire workforce with excellent mobile technology, we were mobile right from the start and were able to carry on with our work, creatively and cooperatively.”

Investment programme will continue

Future hybrid formats will also create new demands for the spatial structure of the trade fair grounds. “The impact of the pandemic led us to re-prioritise our investments, postponing them in some cases. Still, our shareholders support our intention to implement the next important steps of our ambitious Koelnmesse 3.0 programme - albeit with a delay”, Böse reported. “The modernisation and renovation of some of the existing halls has continued. The new Hall 1 on Auenweg is complete, and planning for our Confex® - our trade fair, congress and event location - is ongoing. It will serve as a blueprint for trade fairs in the post-coronavirus era and offer us future competitive advantages with its flexibility and universal usability.”

Well-filled trade fair calendar for 2021

Following the relaunch of trade fair activity, exhibitors and visitors can expect a well-filled schedule - which is also the result of numerous postponements. Koelnmesse is responding to the pandemic-related restrictions that are certain to continue with a safety concept developed in 2020.

For several weeks, the 'B-SAFE 4business' village was set up in Hall 9 in Cologne. There, exhibitors, visitors and representatives of the trade fair sector could visit the village to convince themselves of the effectiveness of comprehensive protective measures and the feasibility of trade fairs under coronavirus conditions. There are 14 own trade fairs and 20 guest events on the agenda in Cologne (as at mid-February 2021), along with 15 events abroad. An added highlight for international business is EXPO 2020 in Dubai, which has been postponed until autumn of this year, where Koelnmesse will once again be in charge of organising and operating the German pavilion. Since February, the trade fair grounds in Cologne have been the site of one of the largest vaccination centres in Germany. This centre was organised entirely by Koelnmesse as a full-service provider - from planning through conceptual design to implementation.

Forecasts remain difficult

The financial forecast for 2021 remains difficult. Herbert Marnier: "We are certainly going to have to accept further significant losses in revenue, and, depending on the duration of the crisis, we will be seeing high losses again in 2021. Our scenarios are based on the timing of the relaunch and the speed at which the trade fairs can return to a new normality."

Koelnmesse intends to resume its sustained growth as soon as possible after the coronavirus pandemic. Once it has overcome the worldwide crisis, Koelnmesse plans to return to previous levels of earnings and revenue beginning in 2023, assuming the global economy returns to its previous level of stable growth.

About Koelnmesse:

Koelnmesse employs more than 900 people and in 2019 had a global turnover of more than 400 million euro. As a city trade fair in the heart of Europe, it occupies the third largest trade fair grounds in Germany and, with almost 400,000 m² of hall and outdoor space, is among the top ten largest trade fair grounds in the world. Each year, Koelnmesse organises and manages around 80 trade fairs, guest events and special events in Cologne and in the most important markets all over the world. Its portfolio reaches over 54,000 exhibiting companies from 122 countries and around three million visitors from more than 200 nations. In the years ahead, Koelnmesse is investing more than 700 million euro in the development of the trade fair grounds and its digital infrastructure in the most extensive investment programme in its history, to allow it to cover all event formats in the future.

Photo material for Koelnmesse:

<https://www.koelnmesse.com/news/image-database/image-database.php>