

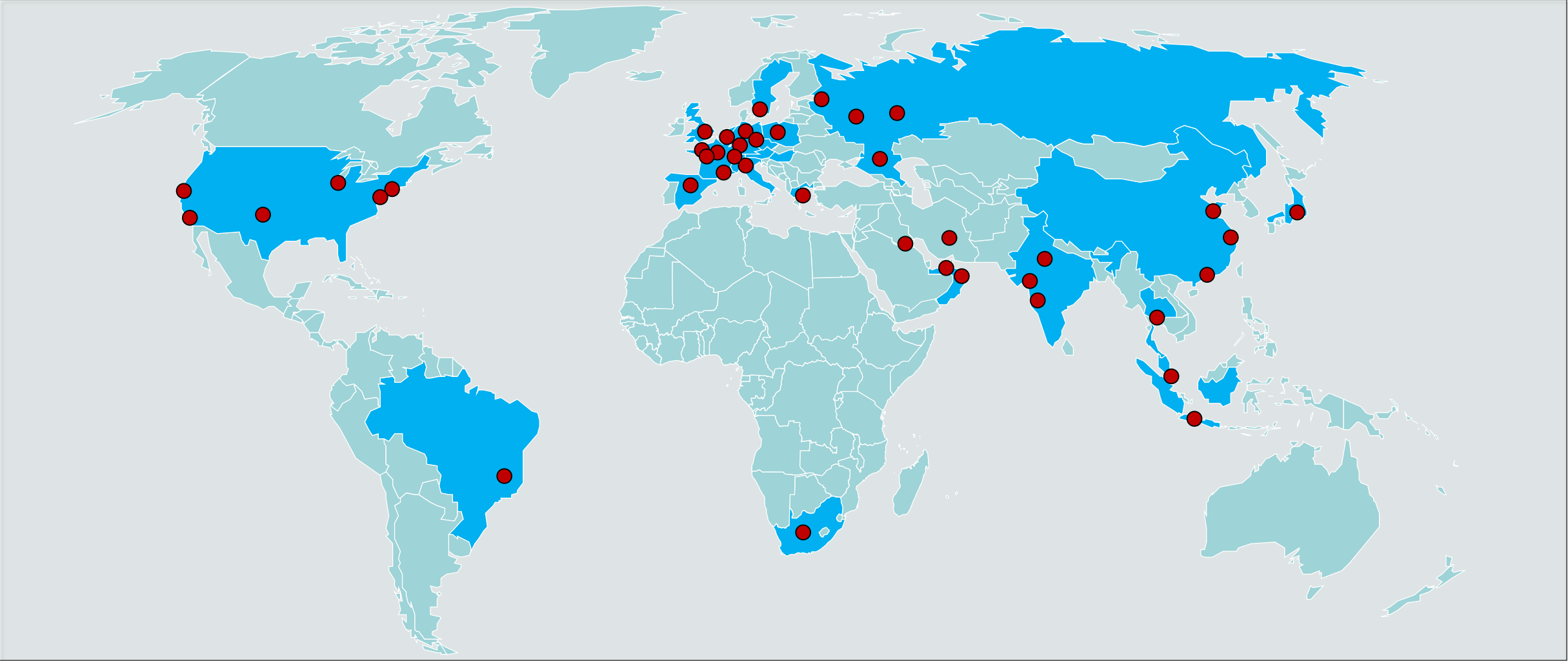


# Industry Trends and Performance: A Global View

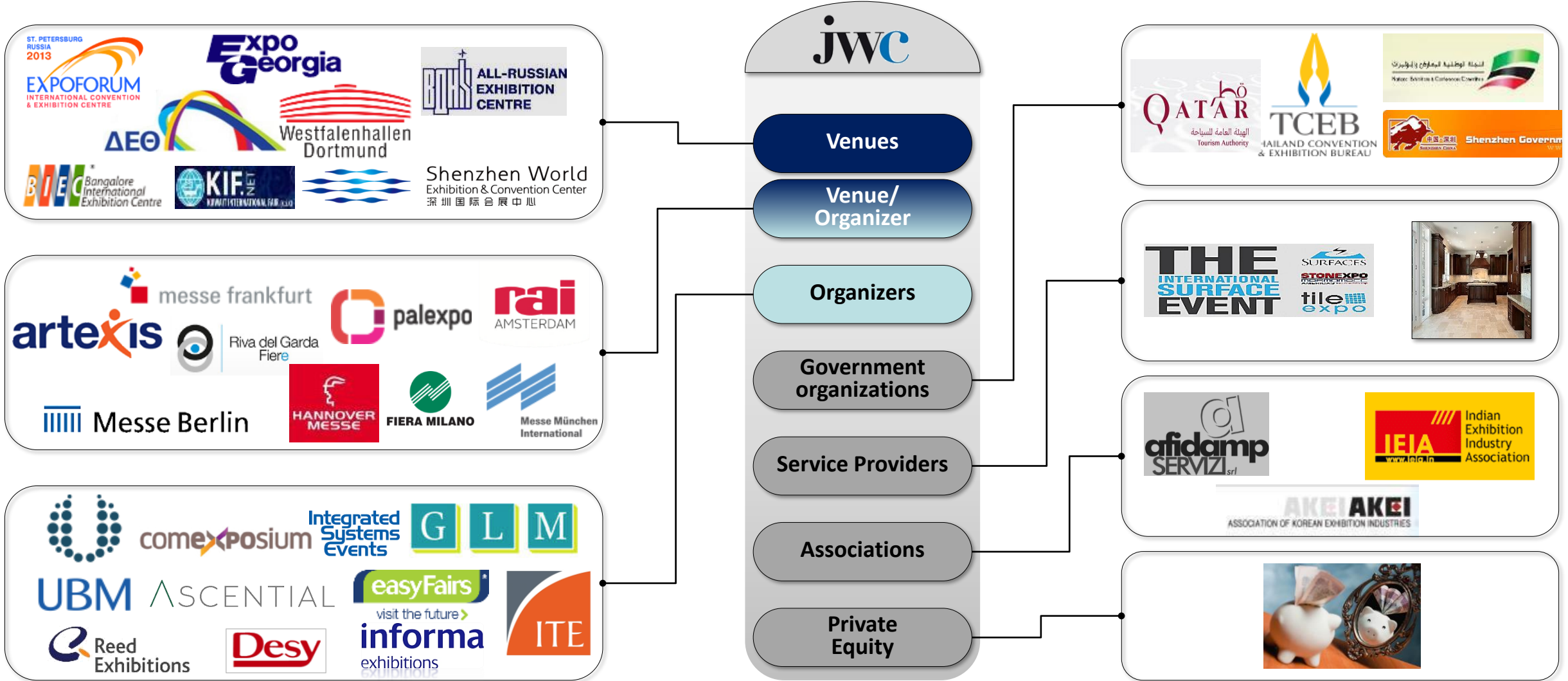
Jochen Witt



Based in Germany and Hong Kong, jwc has clients in most of the important trade fair countries across the globe



# We provide services to the complete range of stakeholders in the Trade Fair Industry



Setting the stage

Global Industry trends

jwc's Global Exhibition Industry Survey

Industry performance

INFORMA / UBM

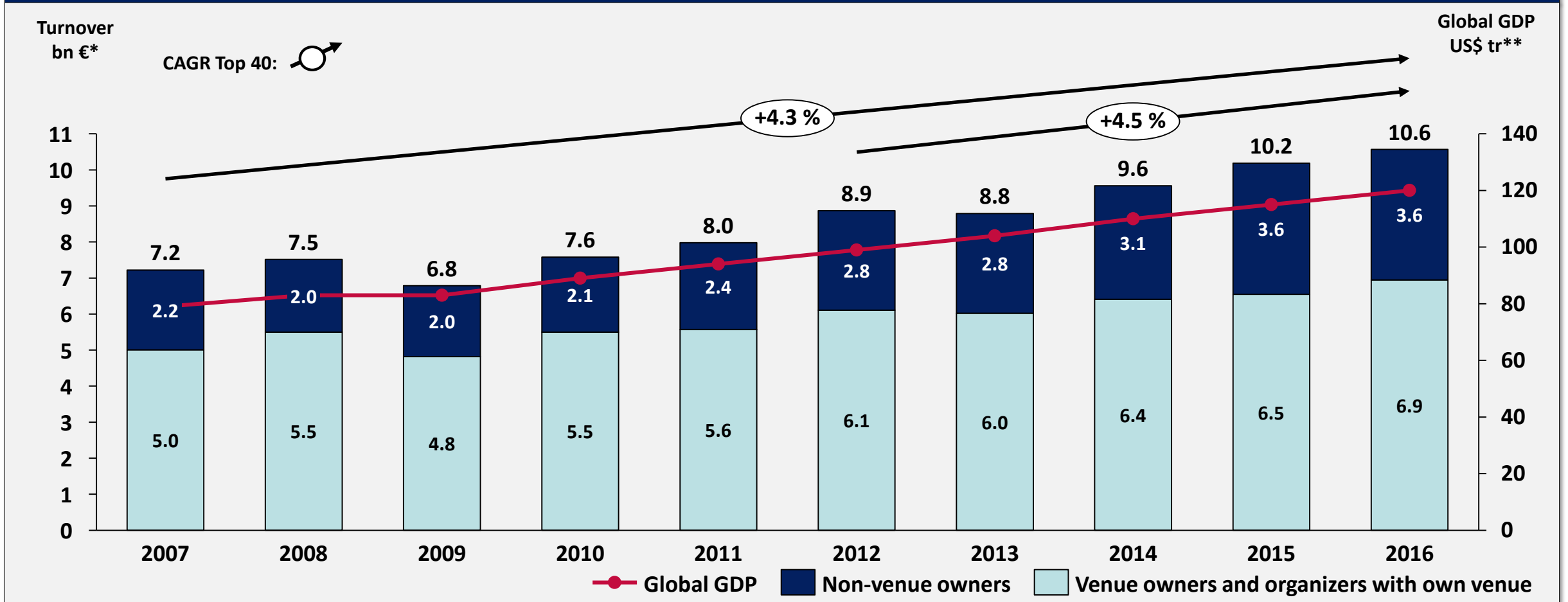
Summary

A solid industry  
with good growth  
prospects



# Revenues in the trade fair industry have grown at stable levels

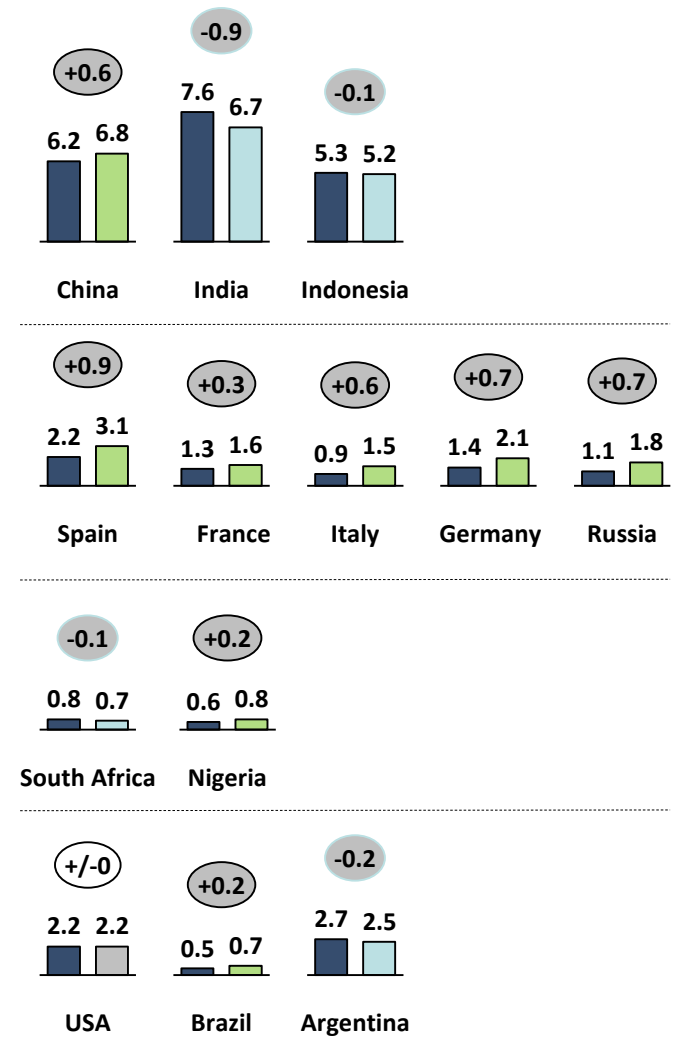
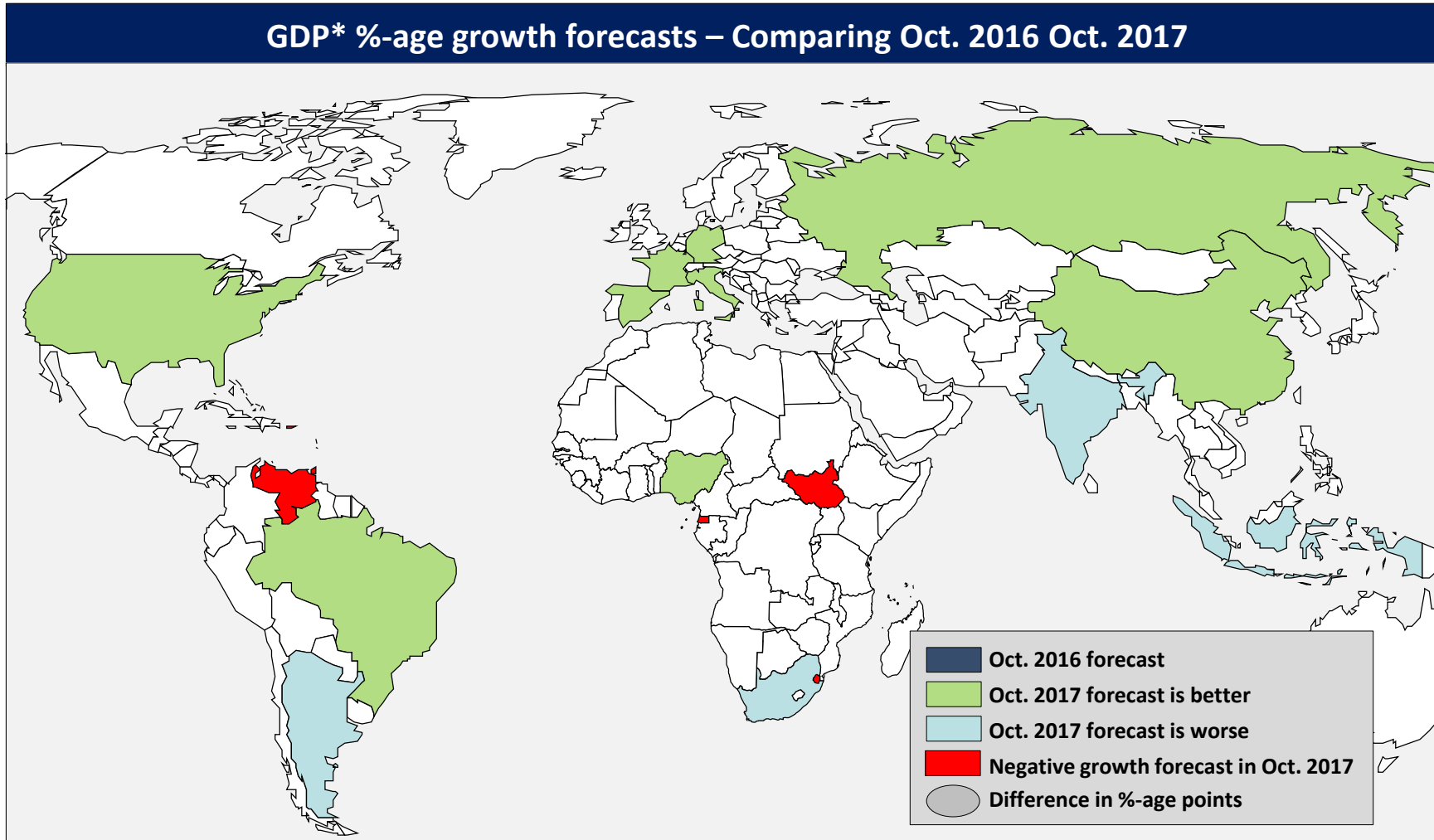
Trade fair industry growth and global GDP, turnover of Top 40, 2007-2016



\* Source: Company reports, jwc research, jwc estimates; including turnover from services, venue management and other live events

\*\* Source: IMF, GDP (PPP) valuation of country GDP

# IMF expects that only six of 192 economies will fail to grow in 2018



Source: IMF World Economic Outlook October 2016 and 2017; \*GDP in real terms (base year 2010)

# A long lasting trade war would constitute a major risk for the global economy



# My button is much bigger than yours





# Policy of the Central Banks of doing „whatever it takes“ resulting in overvalued assets and high risk taking



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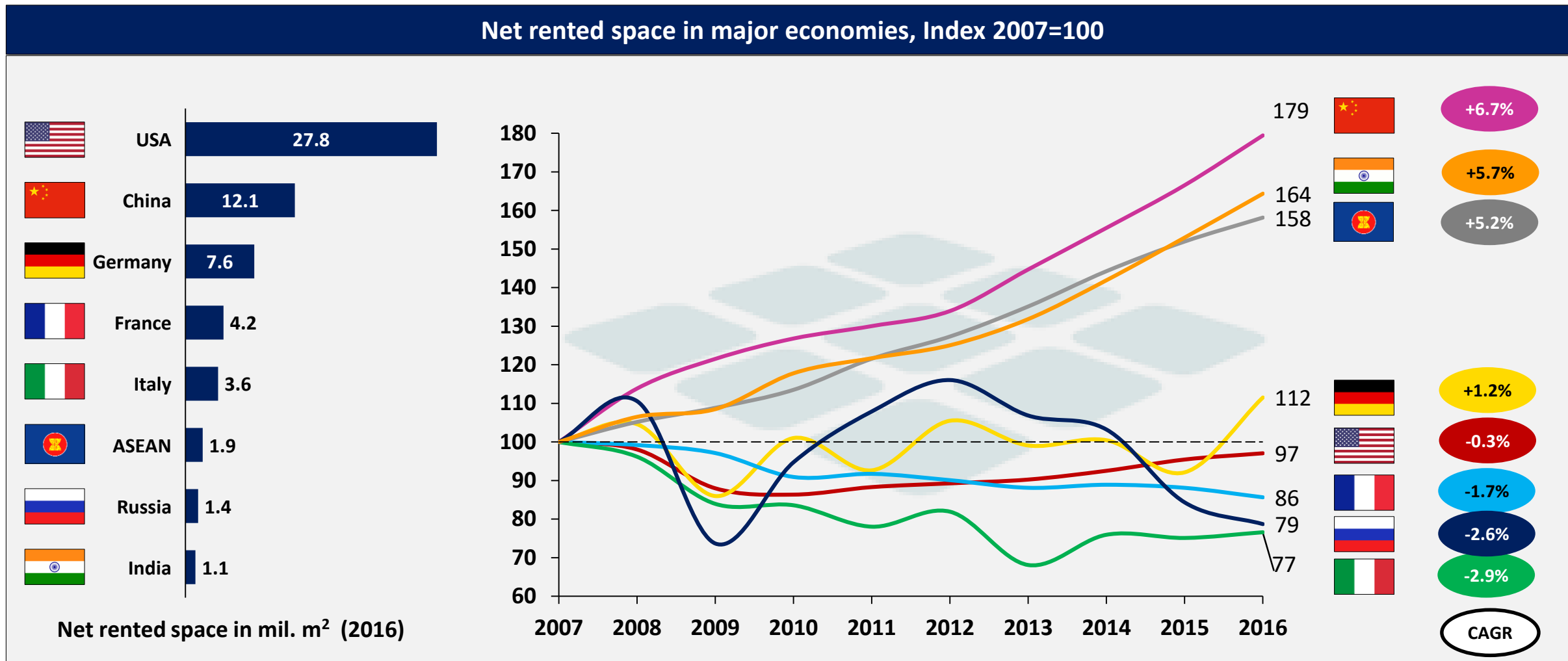
INFORMA / UBM

Summary

Revisiting our  
predictions



# Emerging markets are the growth drivers of our industry\*

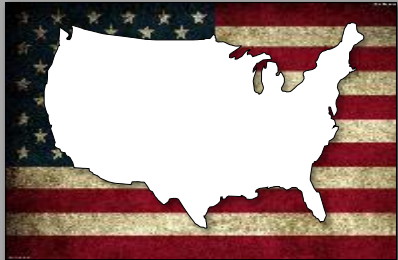


\* jwc prediction in 2008

Source: UNIMEV Bilan chiffré, OJS; AUMA, The trade fair industry in Asia by bsg 2017, CEIR Index 2017; RUEF; jwc research; jwc database

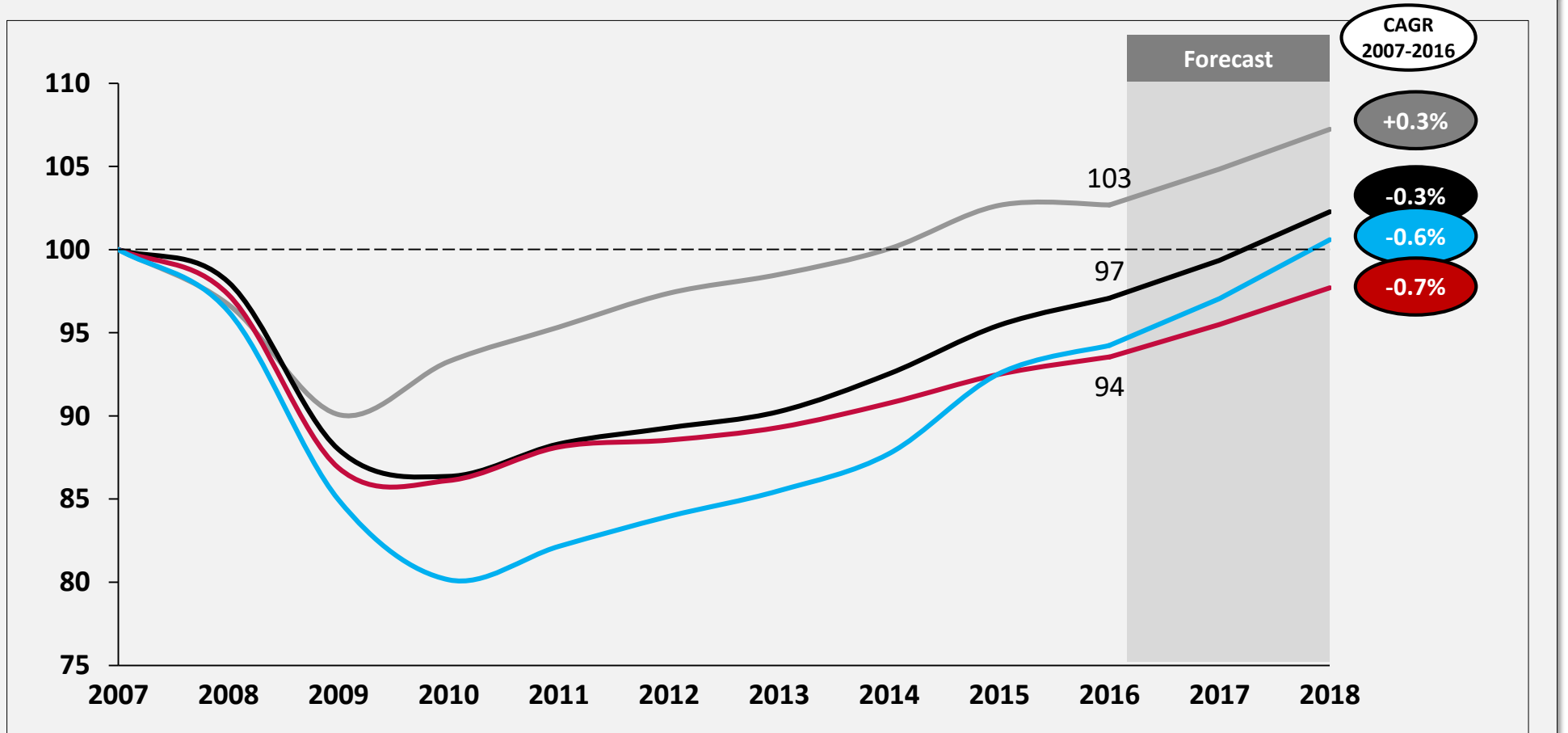
# US exhibition industry needed 10 years for getting close to pre-crisis levels

US trade fair KPIs, Index 2007=100



### Detailed view 2016

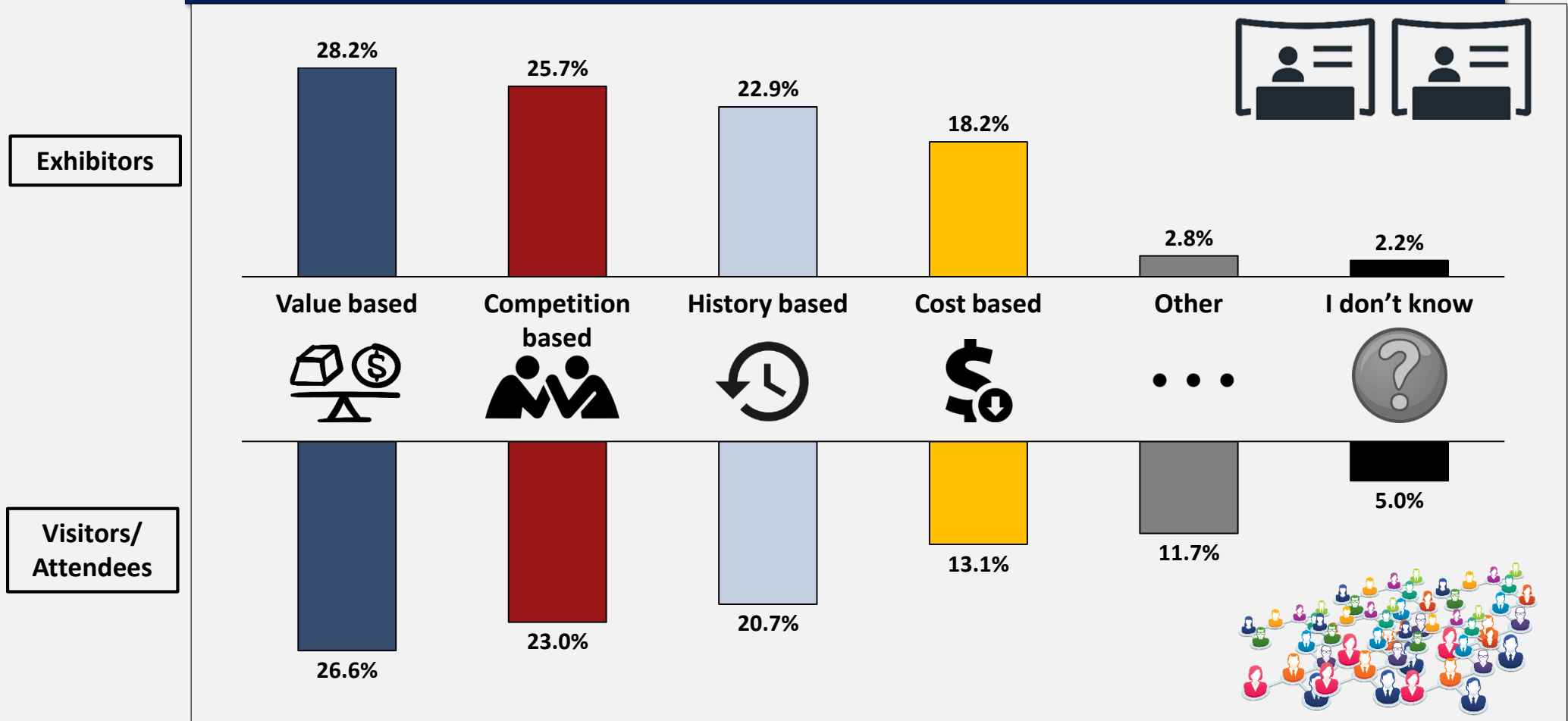
Exhibitors	1.35m
Visitors	33.24m
Net rented space	27.78m m <sup>2</sup>
Revenue*	\$9.97bn.



Source: CEIR report [2017], \*Revenue inflation adjusted

# Value based pricing is becoming common in our industry\*

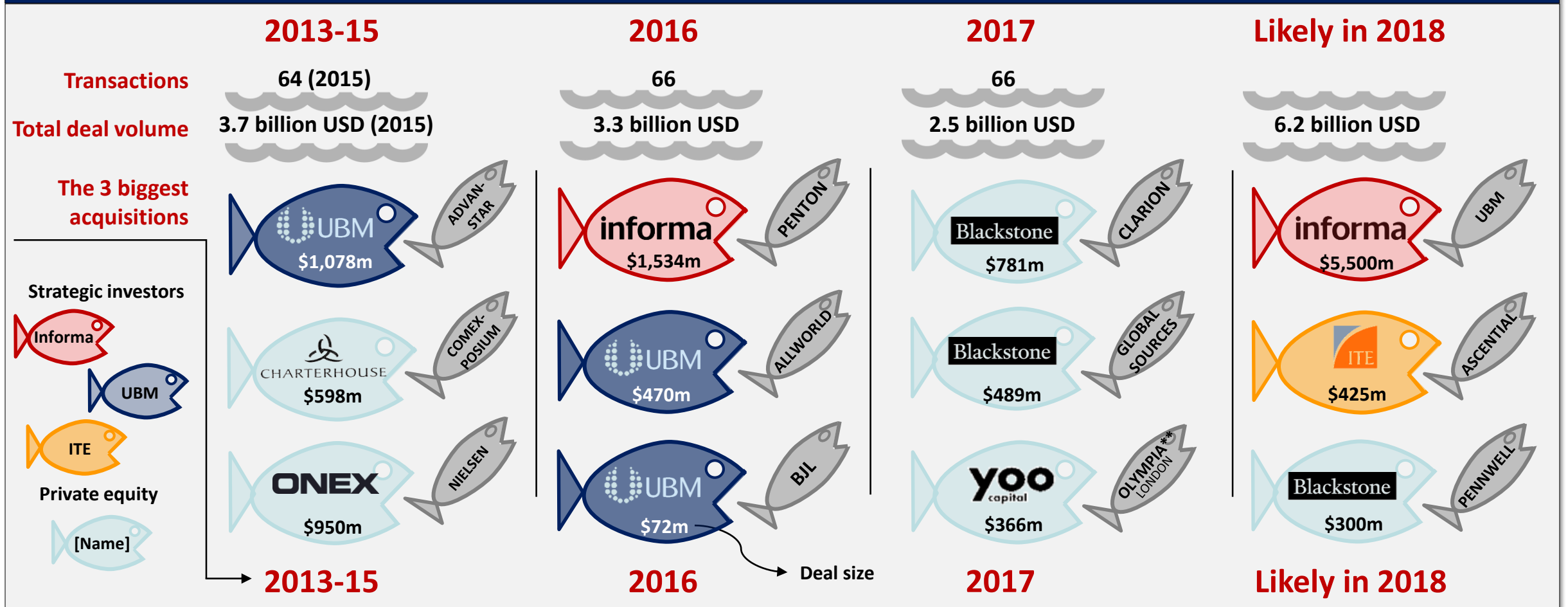
Approaches used to set prices for service to exhibitors and visitors



jwc prediction in 2008; source: jwc Global Exhibition Industry Survey 2017

# Consolidation in our industry is likely to continue\*

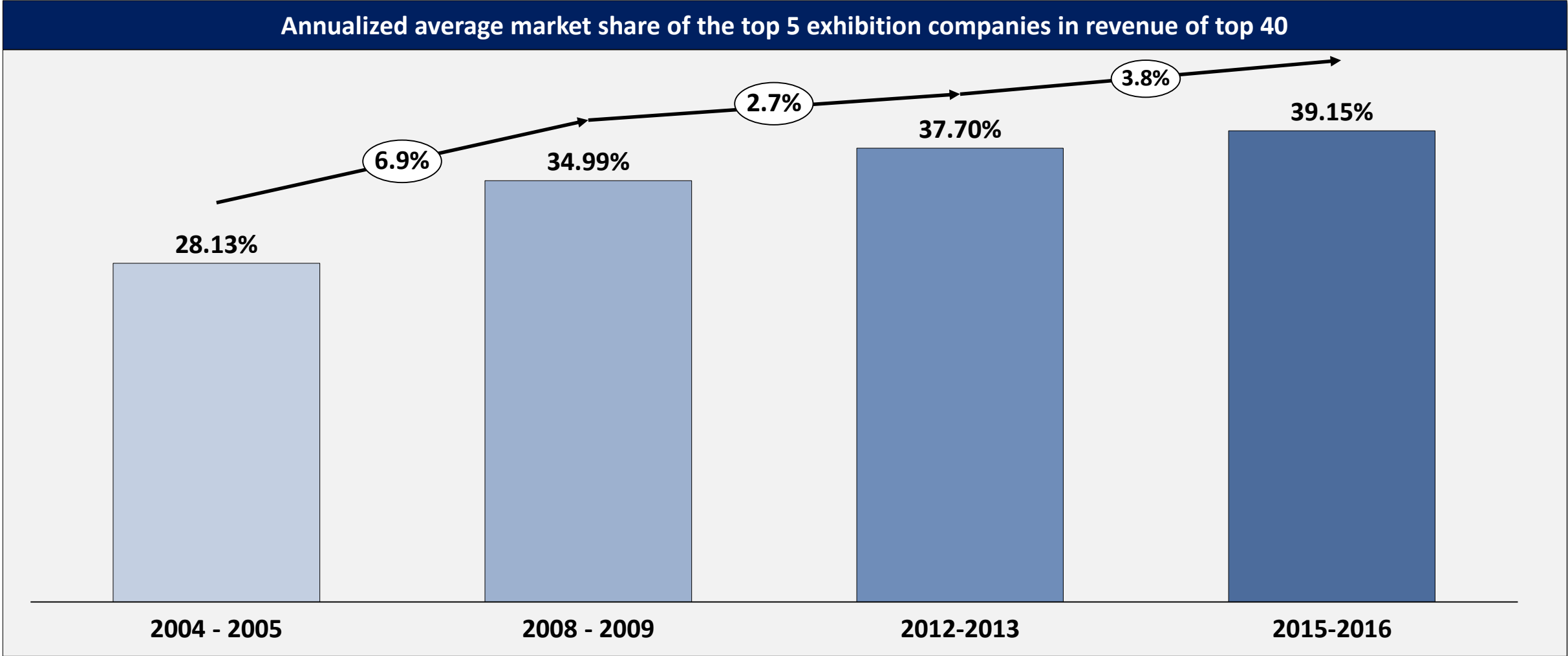
## Major acquisitions over the last years in the exhibition industry



\* jwc prediction in 2009. Exchange rate as of date of announcement. Source: JEGI m&a summary, Financial Times, company's annual reports, jwc analysis

\*\* Olympia Exhibition center acquired by a consortium consisting of Yoo Capital and a group of German investors

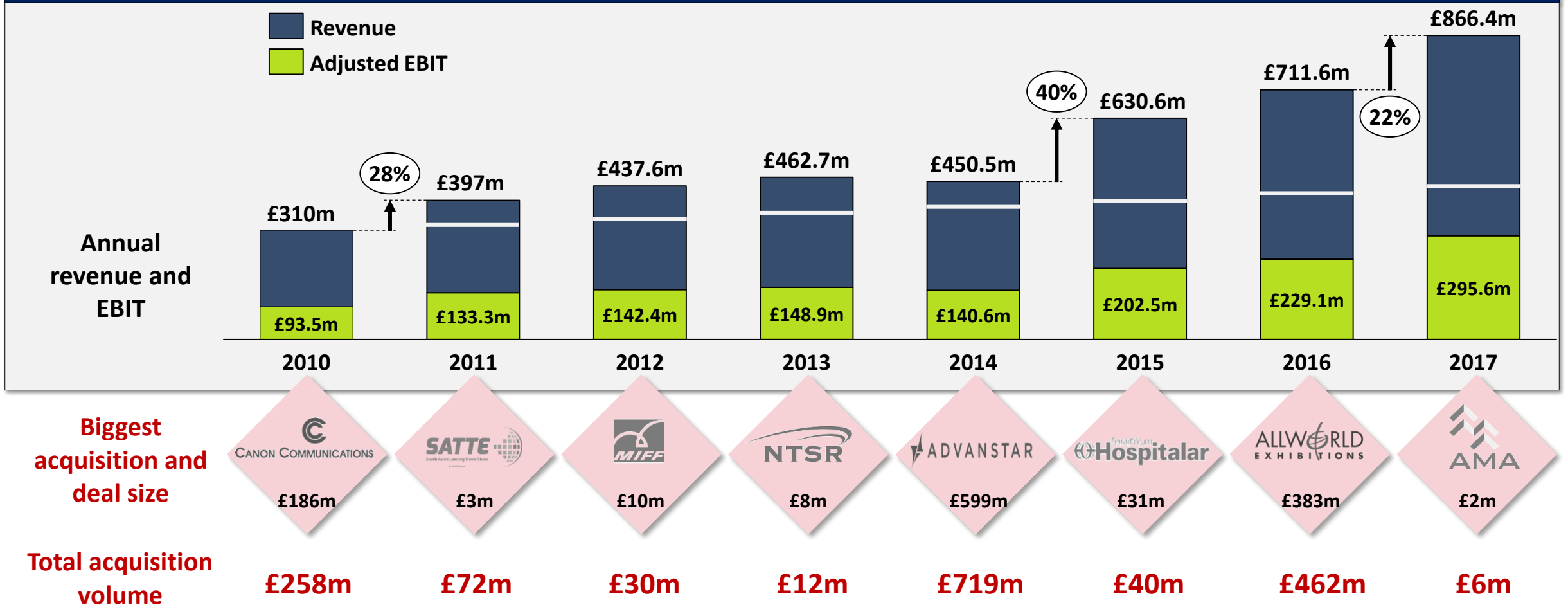
# Of the top 40 companies in the trade fair industry, the top 5 increased their market share in terms of revenue by more than 10%



Source: AUMA, annual reports; jwc analysis

# M&A continues to be a major growth driver

UBM's revenue, EBIT, total transferred consideration and major acquisition per year



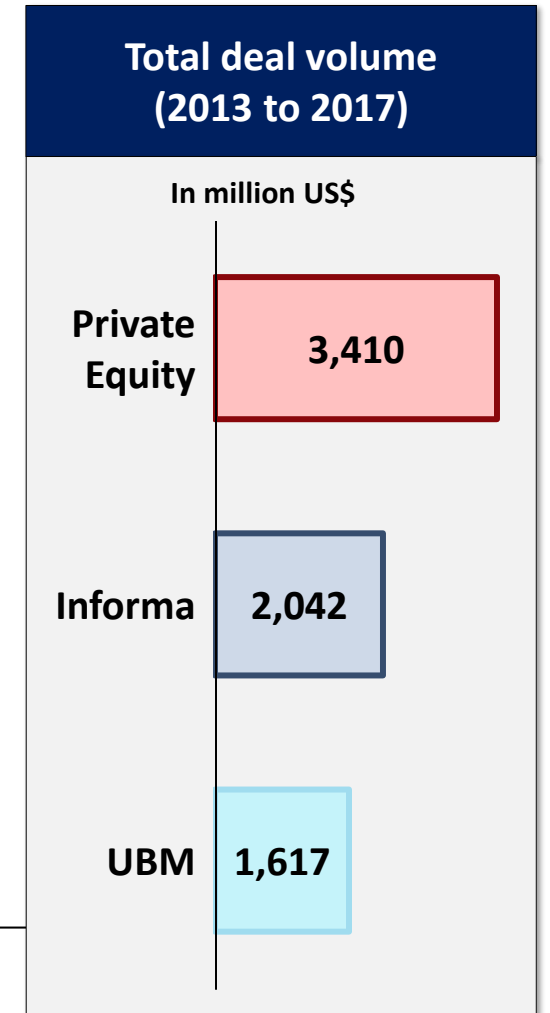
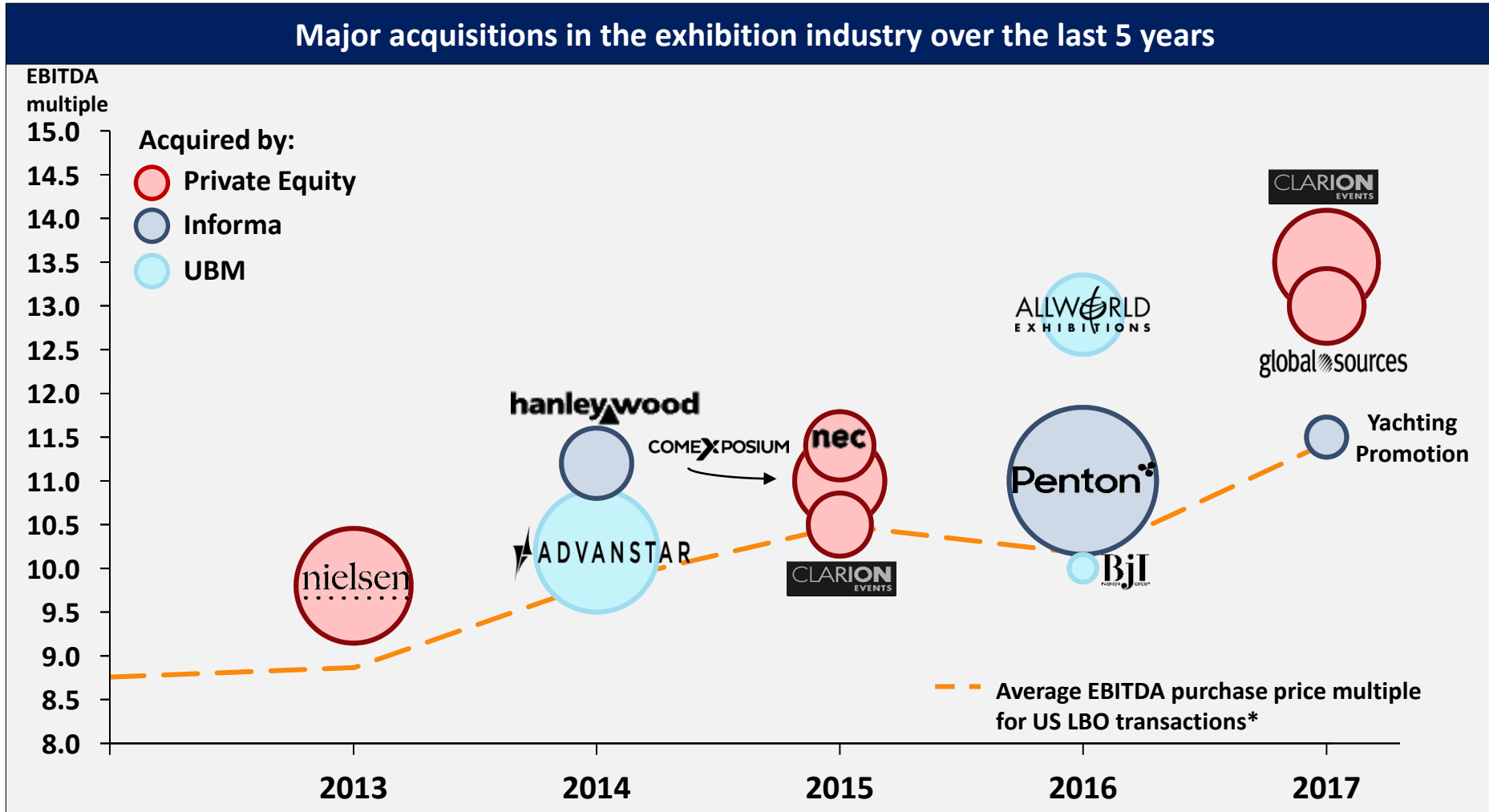
**Biggest acquisition and deal size**

**Total acquisition volume**

\* jwc prediction in 2010



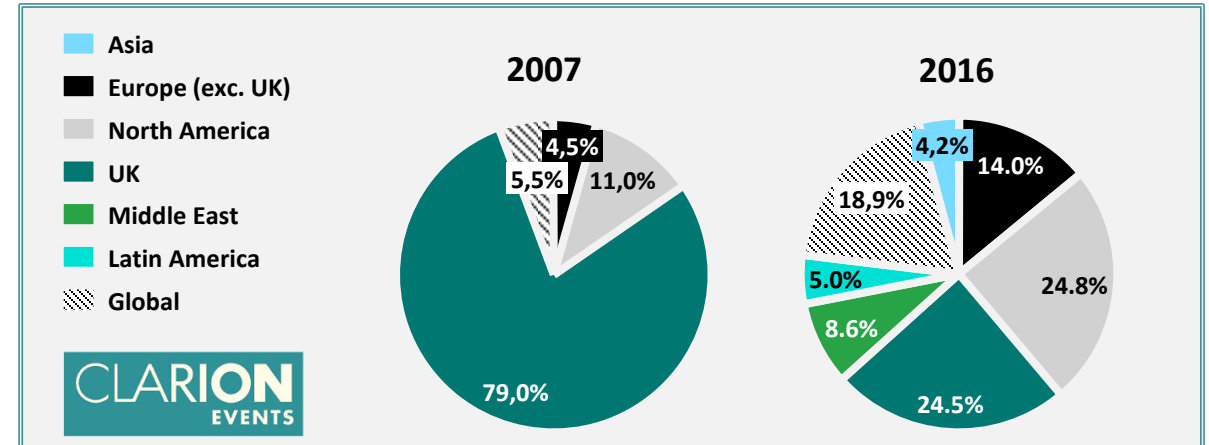
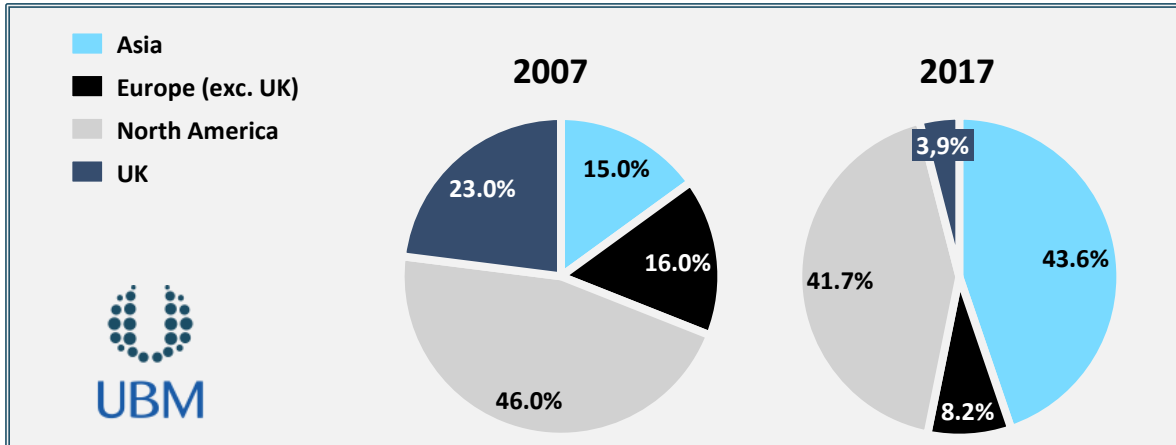
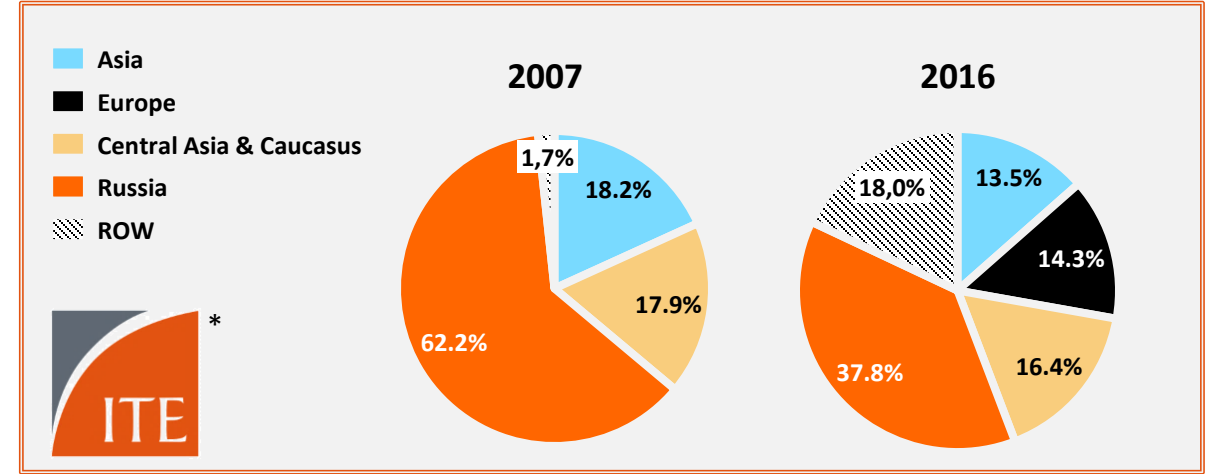
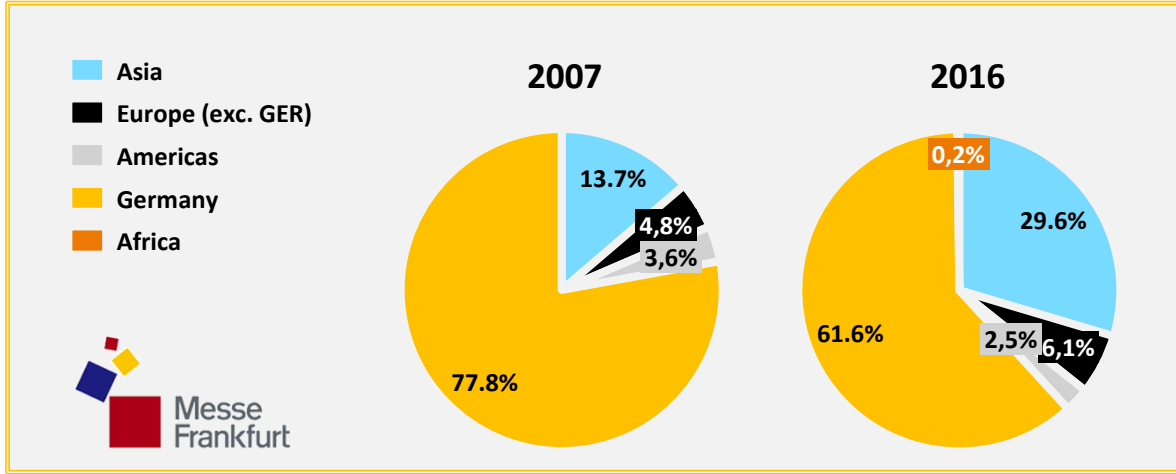
# Our industry is highly attractive to private equity



jwc prediction in 2011. Source: Company's annual reports, JEGI, press releases, jwc analysis, bubble size represents deal size

\* Bain, Global PE Report 2018; EBITDA multiple = Deal size (total consideration)/LTM EBITDA

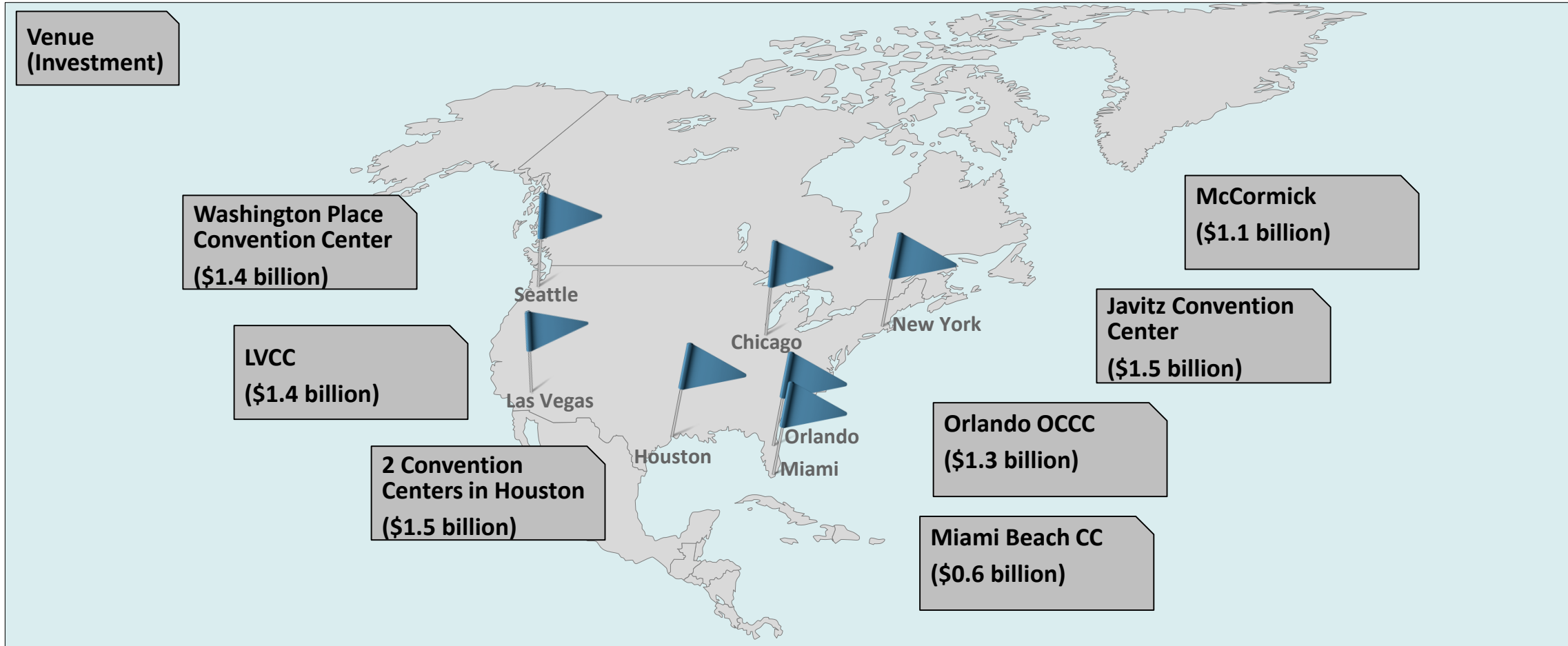
# Organizers are increasingly focusing on emerging markets, reducing their share of historic core markets



\* jwc prediction in 2011. Source: Company reports, jwc estimates. \*ITE's Asia share included in Rest of the world for 2007. Geographical split of UBM in 2007 refers to all UBM segments

# Dynamics of venue investments in exchange for indirect returns will remain....

## Selected major planned investments in exhibition venues in the United States



\* jwc prediction in 2013. Source: TSNN.com, Seattle Times, New York Times, Houstonpublicmedia.org, internationalmeetingsreview.com

...also in China: The new venue in Shenzhen will be the largest venue in the world



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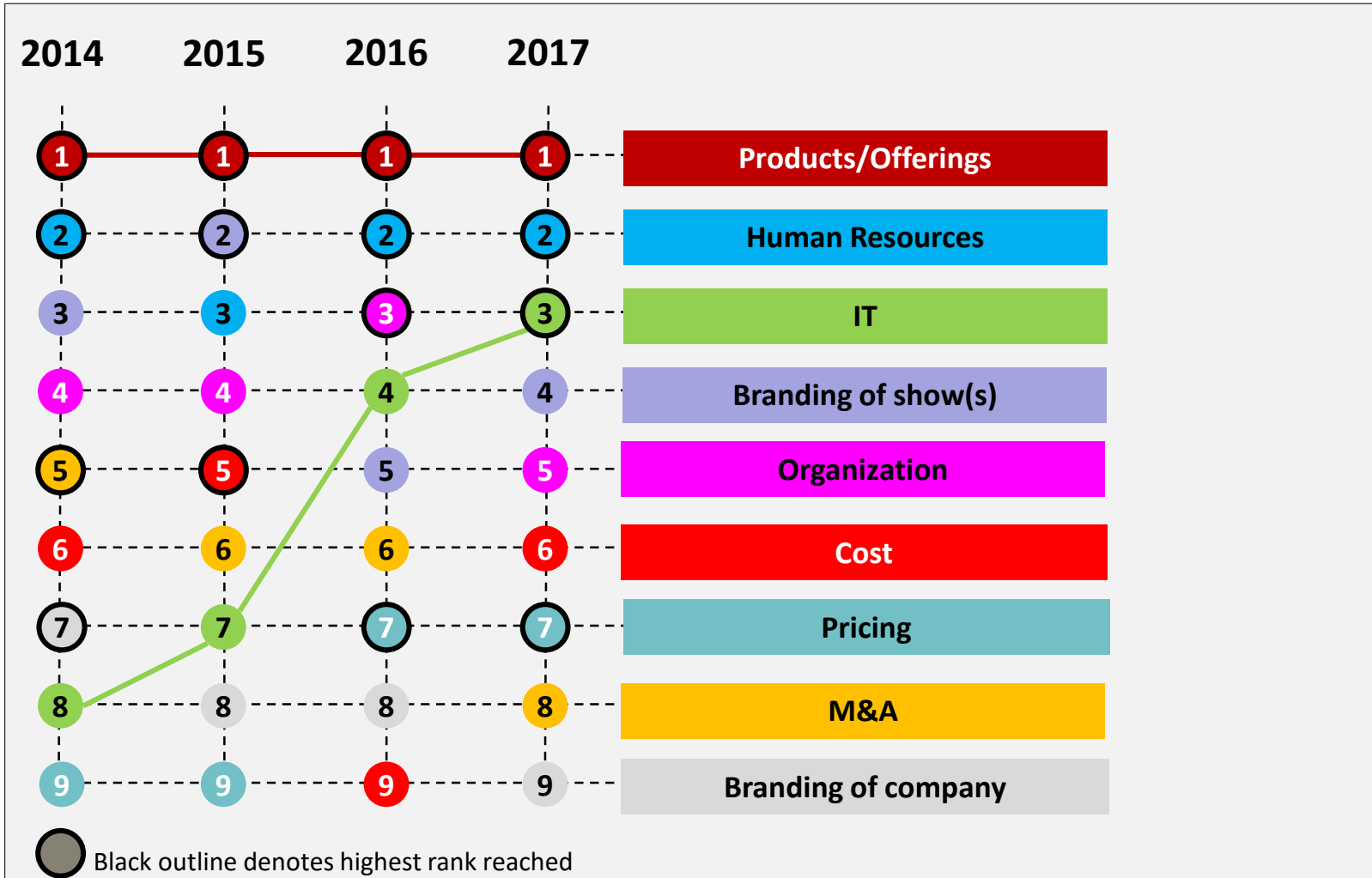
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Summary

Some of the industry's focus areas have shifted



# For most companies IT has gained strongly in importance



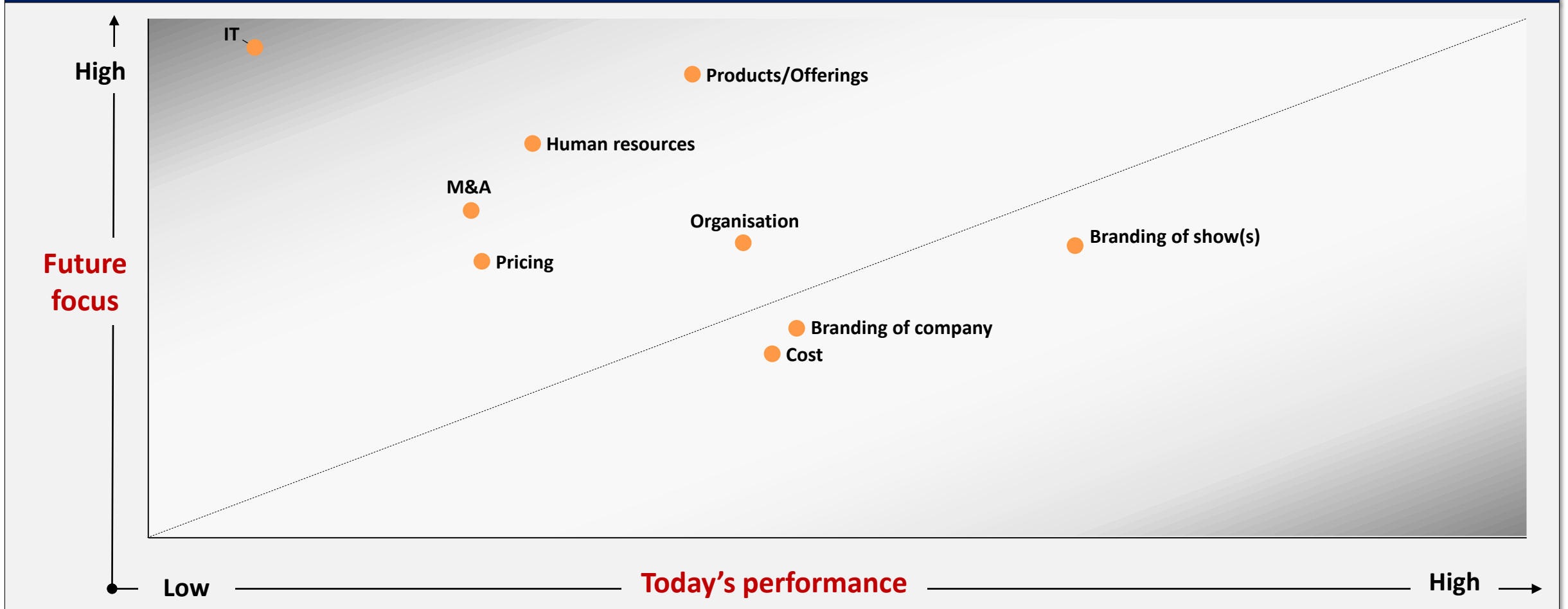
Source: jwc's GEIS 2014-2017

## Highlights

- C-Level well in line with overall views
- Sales considers HR as the most important focus area
- Venue owners consider BoS as least important
- Large companies (>250m turnover) consider M&A as third most important focus area

# IT is the area where companies are currently performing lowest but have the highest focus for the future

Plotting topics by "Future focus" and "Today's performance"



NB: Weighted average scores for Future focus are on a scale of 0 (Less emphasis on this area), 1 (About the same), 2 (More in this area); Weighted average scores for Today's performance are on a scale of 0 (We've not started and are behind where we need to be), 1 (We've started working on this but have some way to go, 2 (We are performing well and are highly focus in this area)

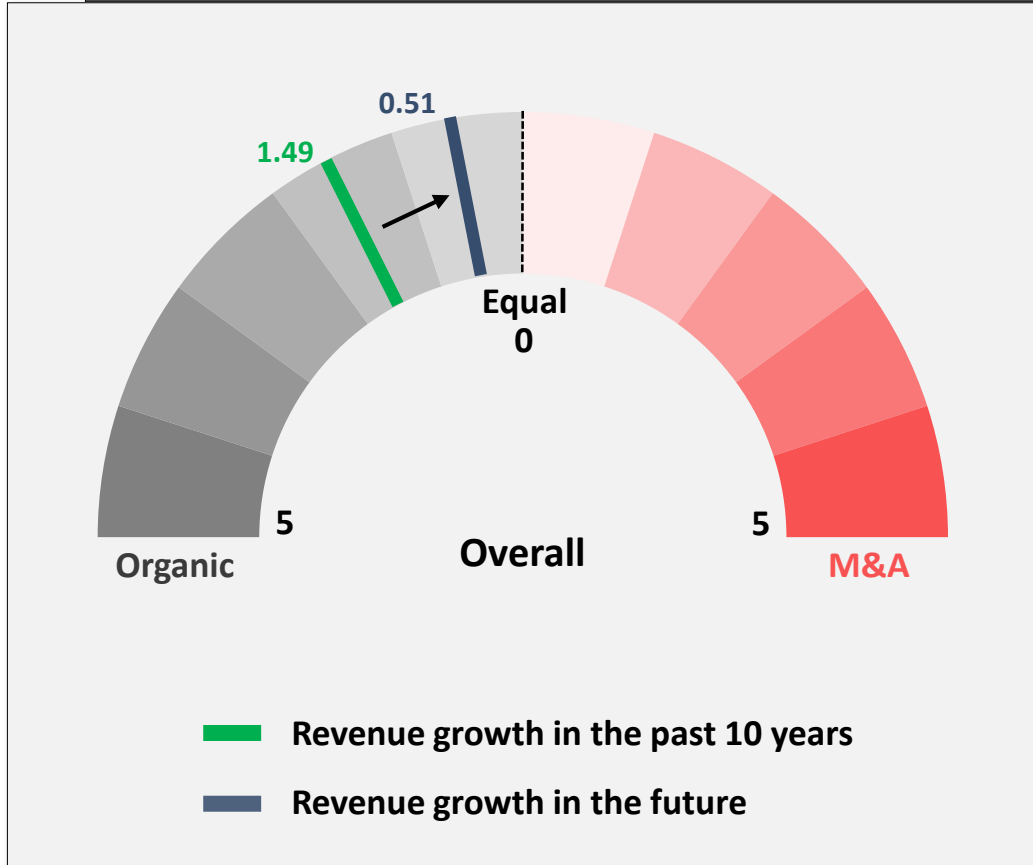
# Growth



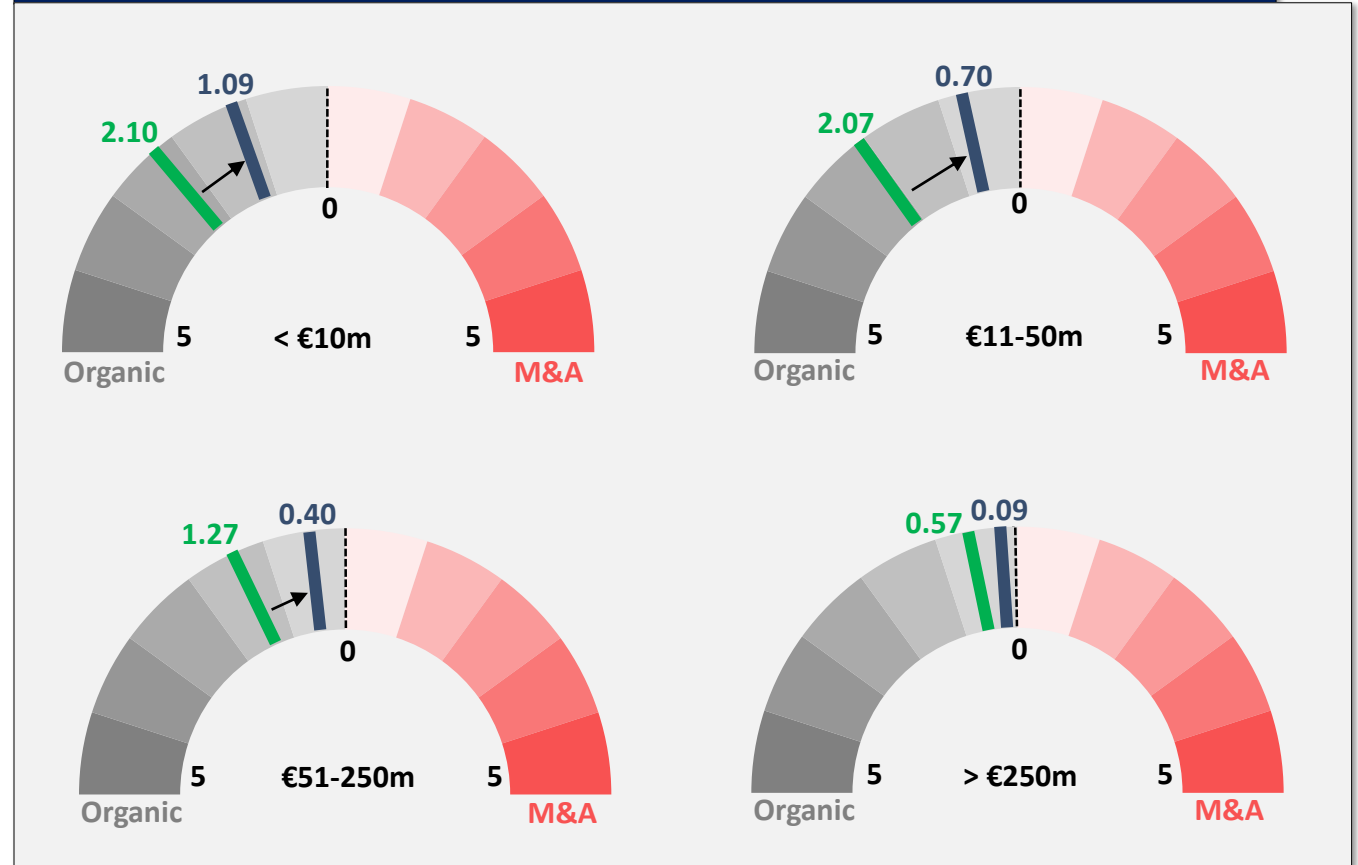


# Acquisition multiples are likely to increase further

Organic vs. M&A (Overall average)

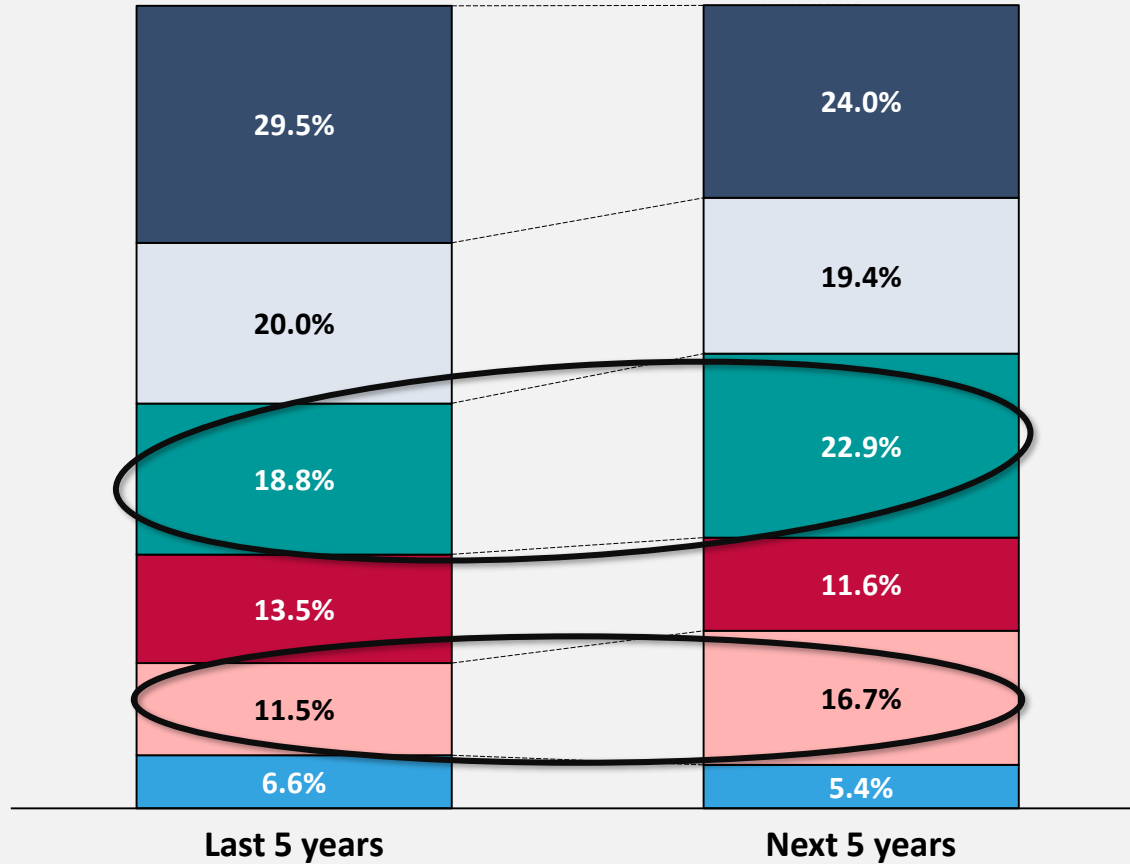


... by Group turnover



# Future focus will be placed on the creation of new products and business models

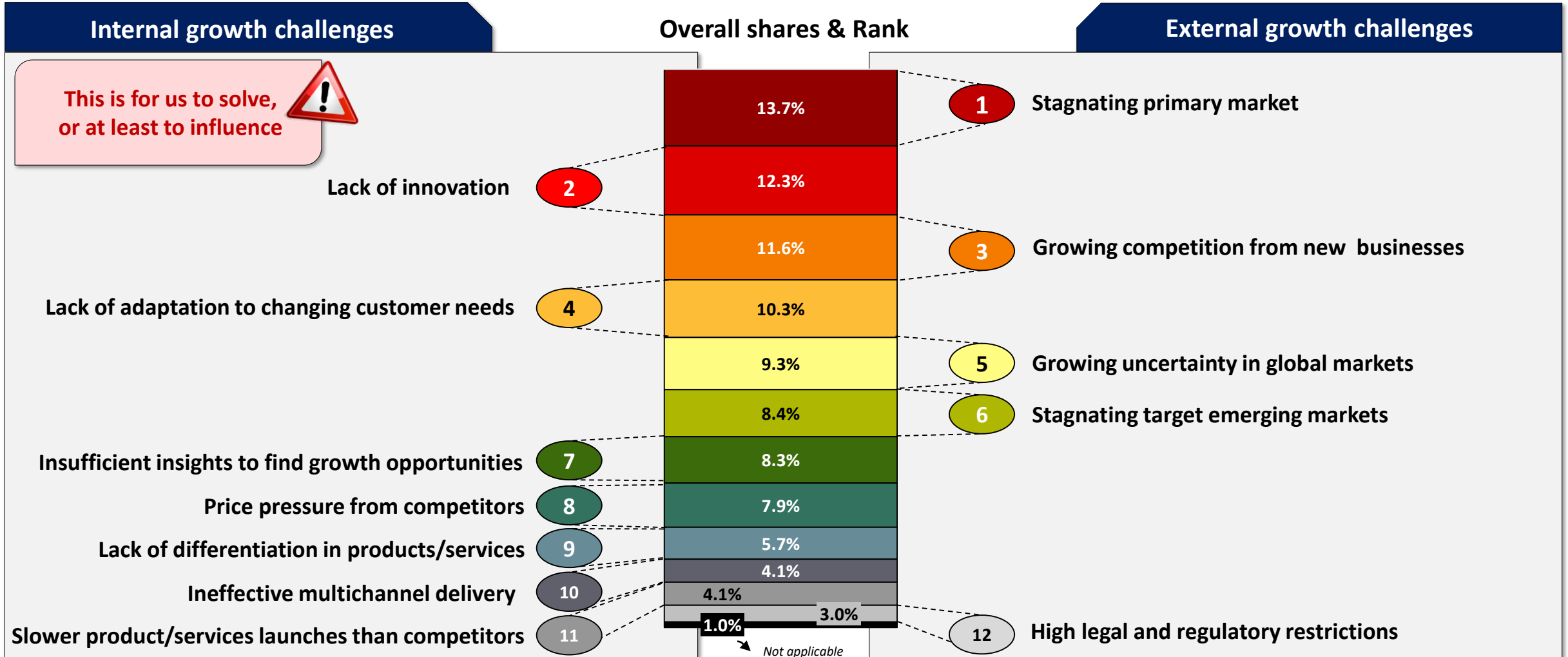
## Organic growth sources



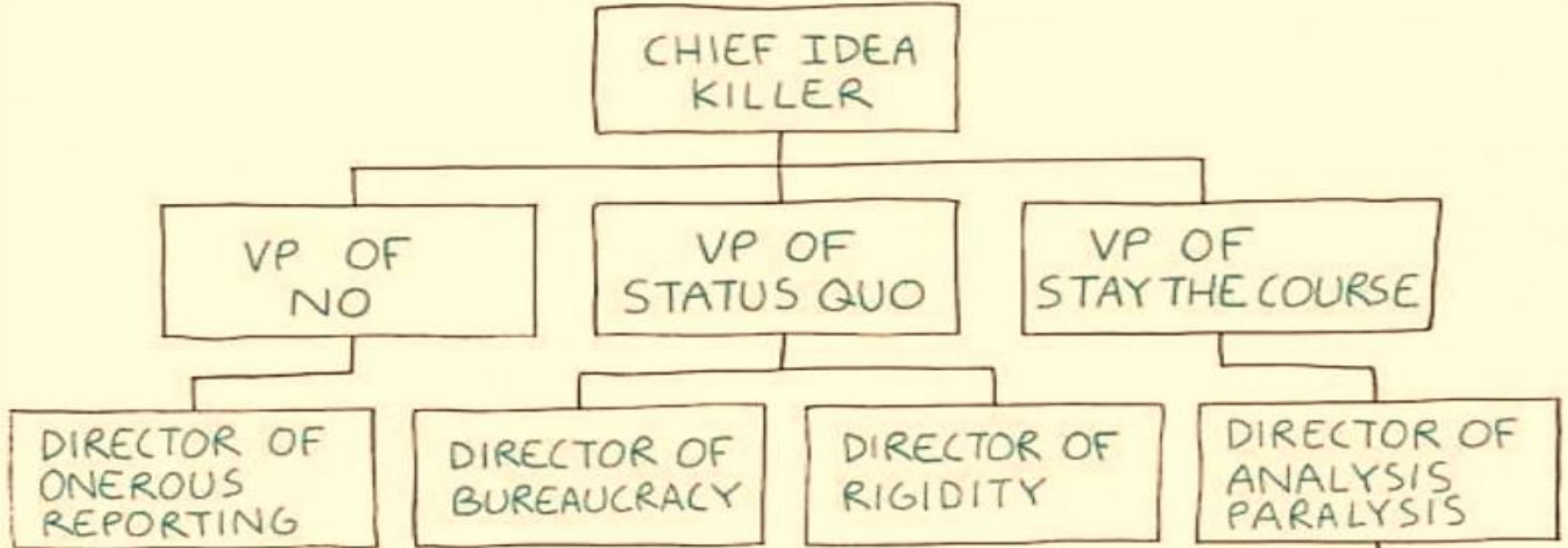
### Legend

- Investing in existing products
- Continuously improve core capabilities
- Creating new products
- Cloning products
- Creating new business models
- I don't know

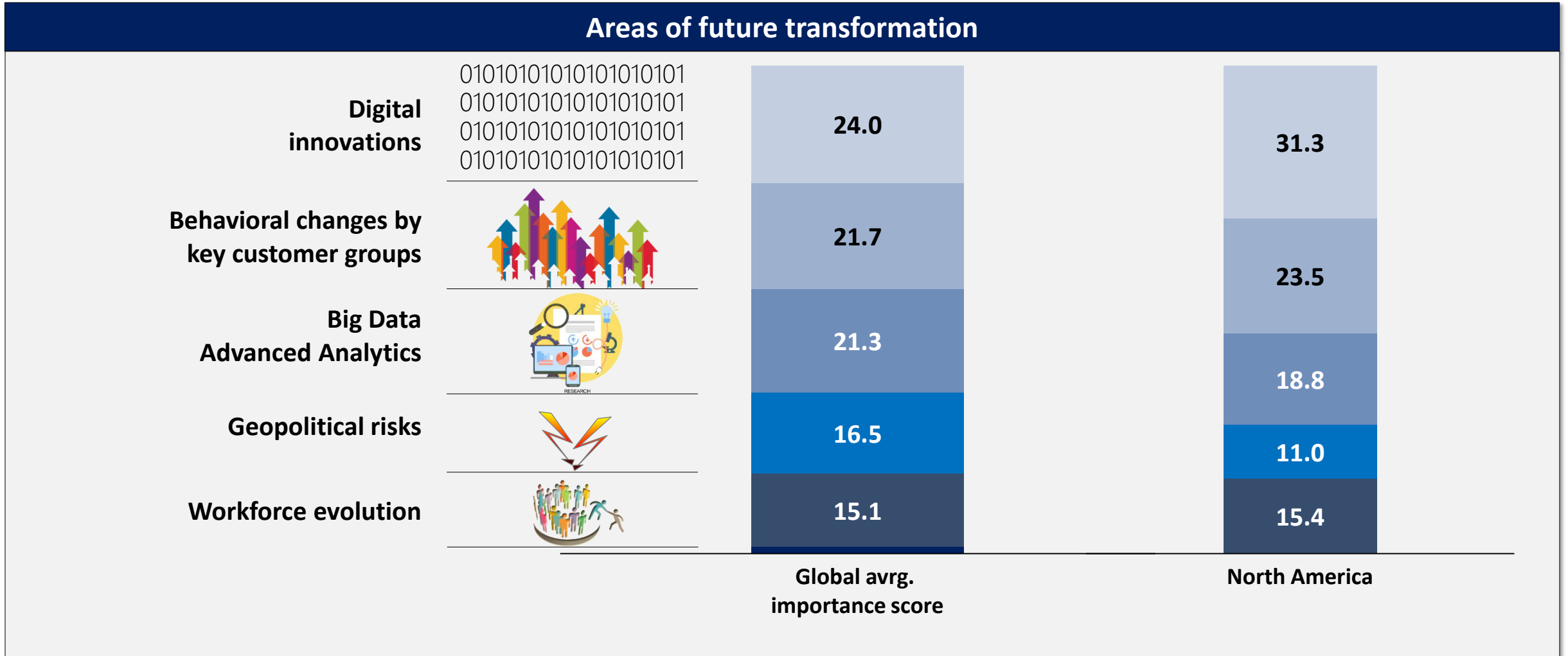
# Stagnating primary markets, lack of innovation and increased competition are the major challenges to organic growth



# Sometimes obstacles are an integral part of a company's organization



# Digital is the most important area of transformation for our industry



NB: Average importance scores are on a scale of 0 to 100

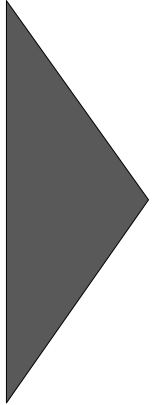
# DATA



# Data management has become a key success factor in our industry\*



The world's most valuable resource is no longer oil, but data\*\*

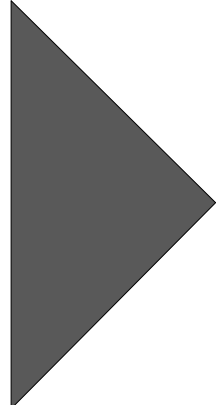


## The questions to answer:

Do you know what you know?

Do you know what you want to know?

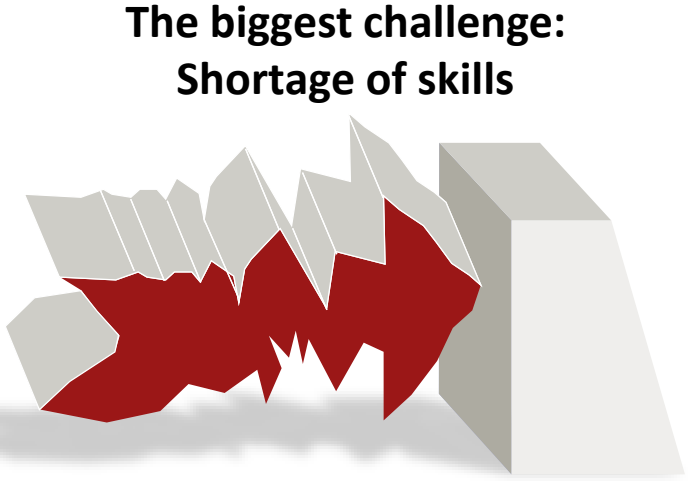
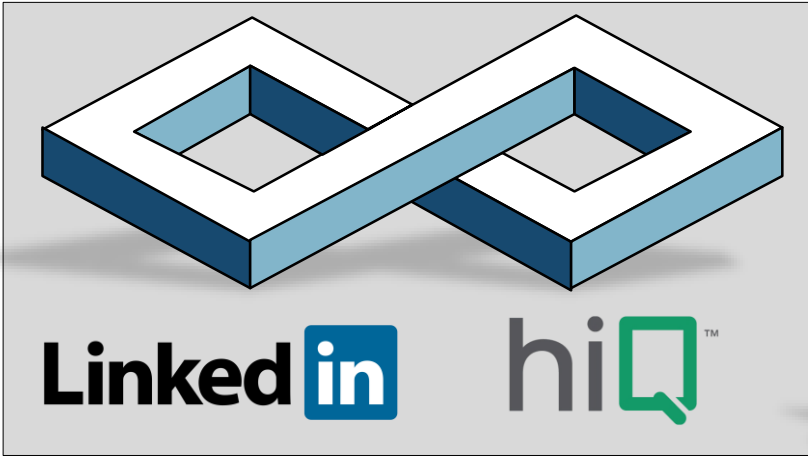
Do you know what you don't know?



Data is foremost a strategic, not a digital topic

## Concepts are needed for data

- Collection
- Storage
- Protection
- **Ownership & Control**
- Analysis



The biggest challenge: Shortage of skills

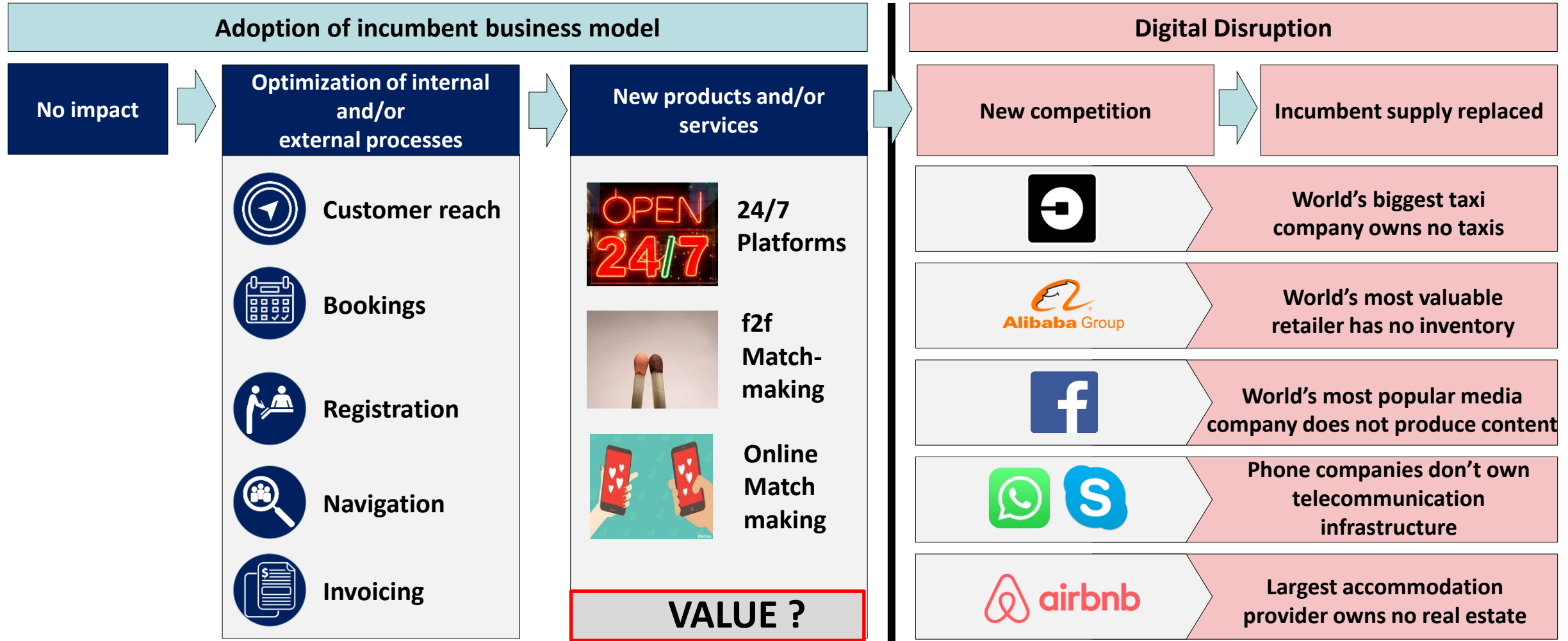
\*jwc prediction 2013; \*\*The Economist May 2017

# **DIGITAL DISRUPTION**

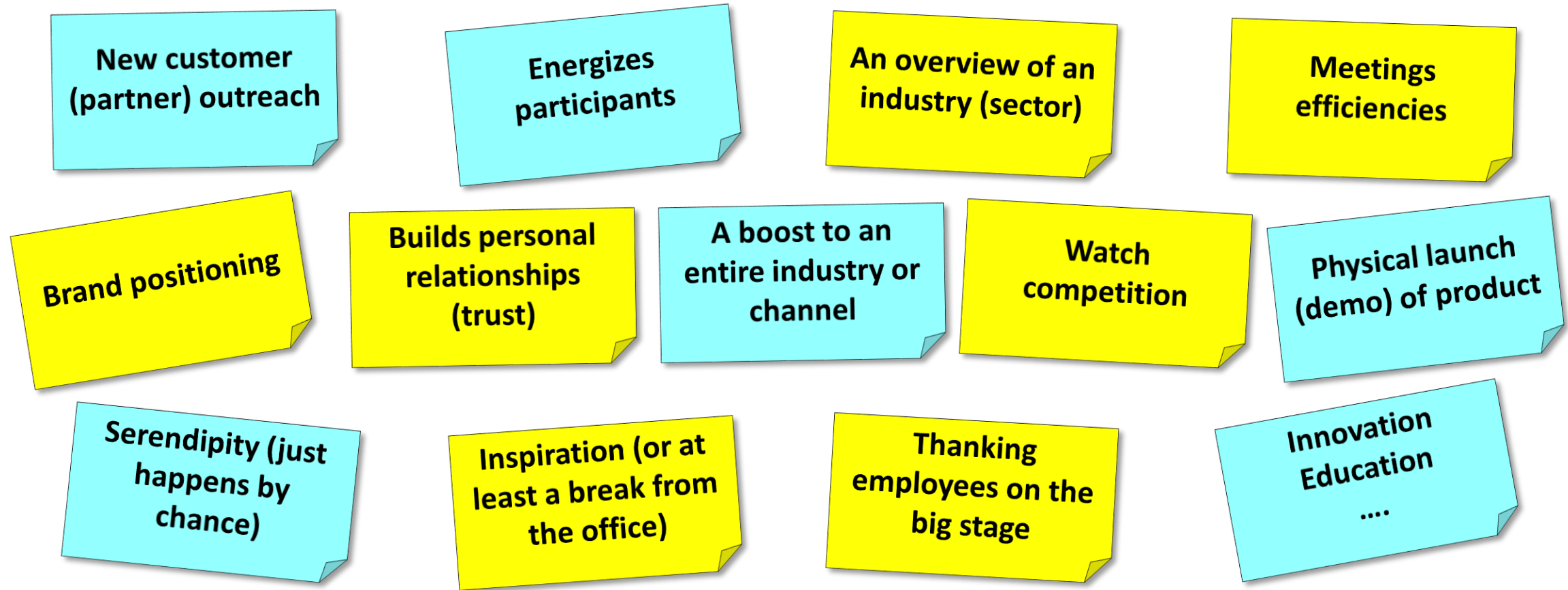
**New business models,  
based on new technologies,  
make use of existing markets  
at the expense of value  
propositions of existing businesses**



# Degrees of „Digital Disruption“

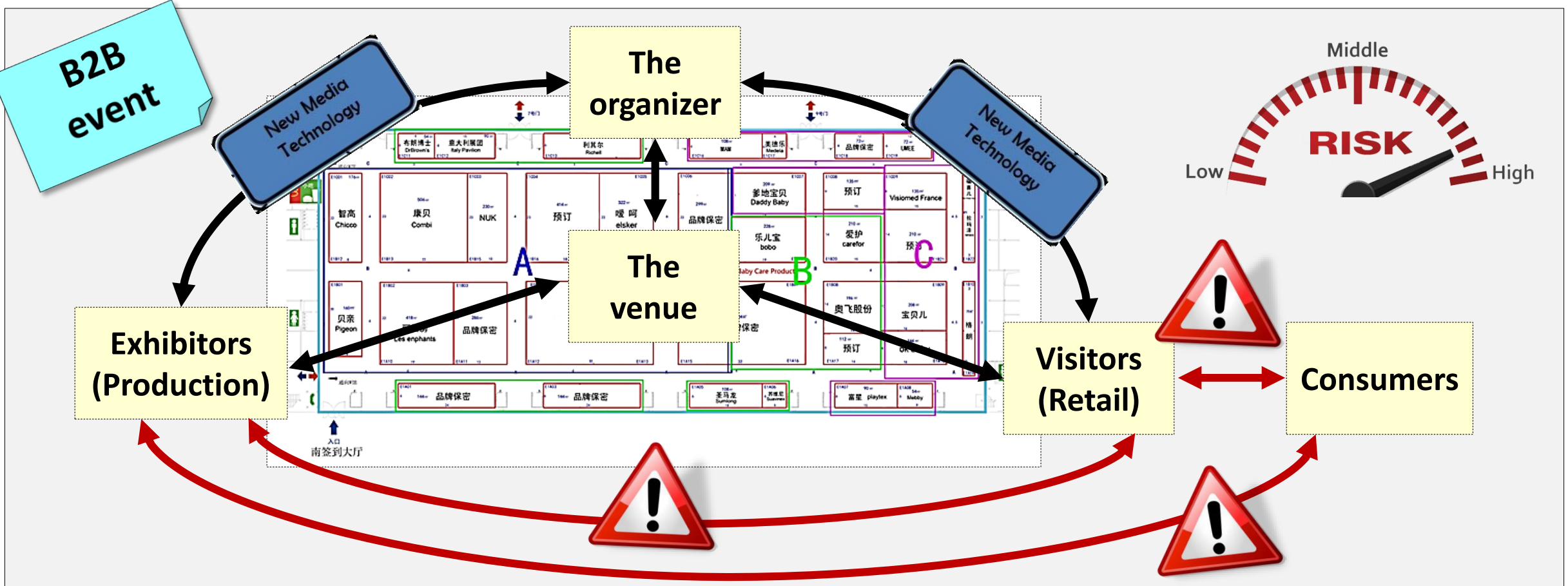


# Digital cannot deliver our value propositions at the expense of our business



**Digital can add value to our business.  
It may compete with us by adopting (parts) of our USP; this will not be at the expense of our business model.**

# The shift of sales channels is the biggest threat to our industry



Each CEO in our industry should ask the question:  
What effect does digitalization have on the industry her/his company serves?

Setting the stage

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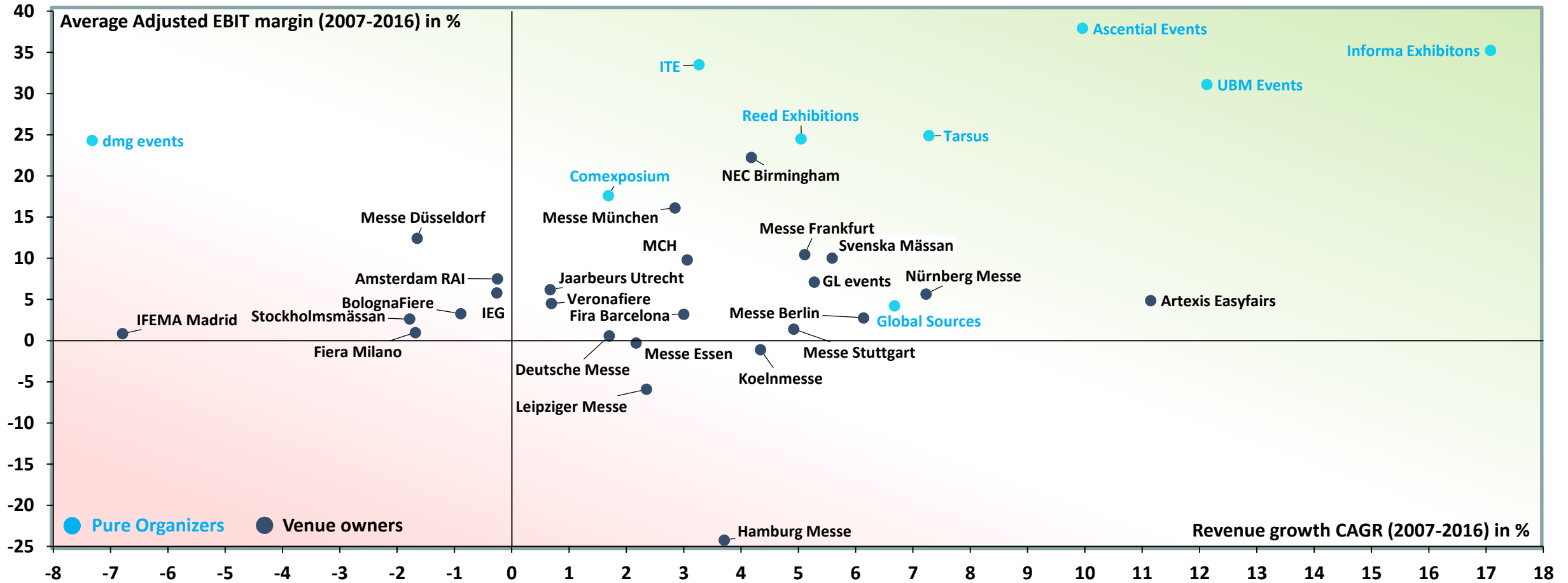
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Summary



# Most companies amongst the top 40 have grown profitably over the last 10 years

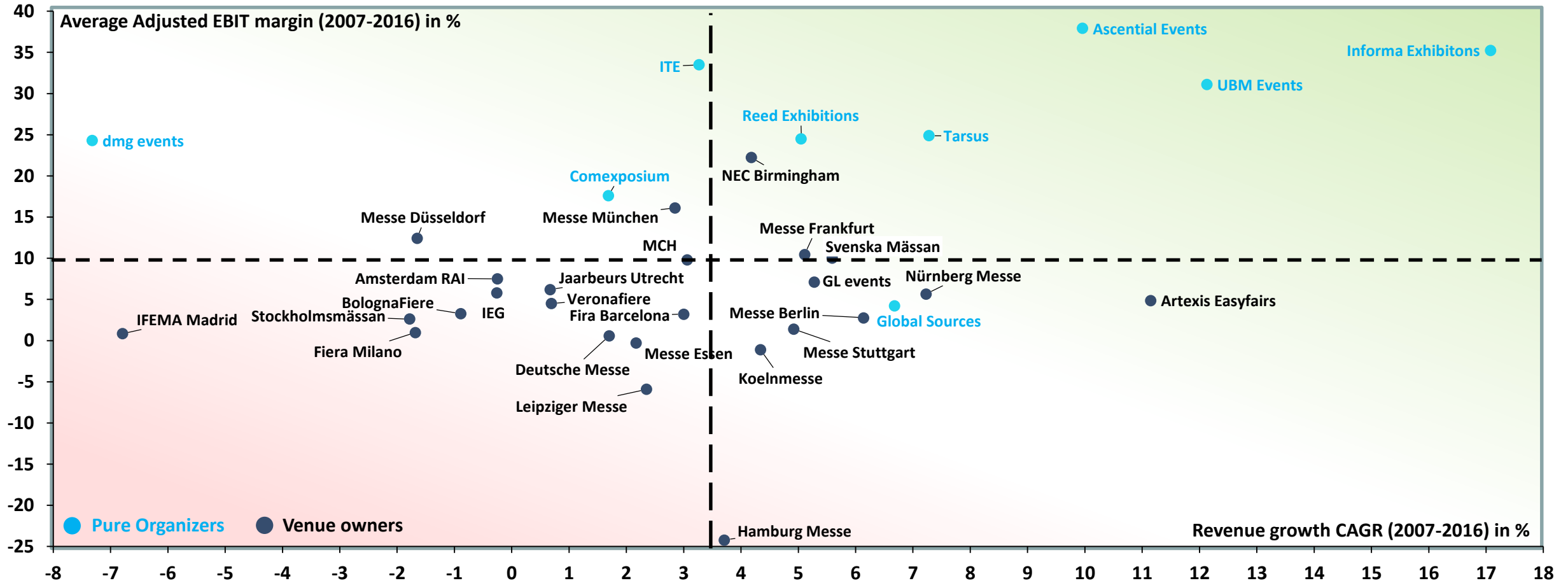
Average Adjusted EBIT Margin and revenue CAGR for the Top 40 exhibition companies, 2007-2016



Source: Company reports; jwc analysis; jwc estimates. EBIT and CAGR calculated on base of 2-year moving average (Ex: 2008 average of revenue from 2007 and 2008) in original currency. Adjusting items which are added to the non adjusted operating profit: Expenditure and impairment on acquired goodwill and intangible assets, restructuring and reorganization costs, re-measurement and contingent consideration, acquisition and integration costs, exceptional amortizations and depreciations. Average Adjusted EBIT margin calculated on shorter period for Informa (2013-2016), Ascential (2010-2016), Italian Exhibition group (2008-2015), BolognaFiere (2008-2016), Messe Stuttgart (2007-2015), IFEMA Madrid (2008-2016), Veronafiere (2009-2016), Hamburg Messe (2007-2016), Comexposium (2008-2014). Revenue estimated in 2007 for Ascential (formerly EMAP/i2i). Italian Exhibition group revenue and adjusted EBIT composed by revenue and adjusted EBIT of Fiera di Vincenza and Riminifiera for 2007-2014. Financial year ended on June 30 for Artexis Easyfairs, March 31 for NEC Birmingham.

# Most companies amongst the top 40 have grown profitably over the last 10 years

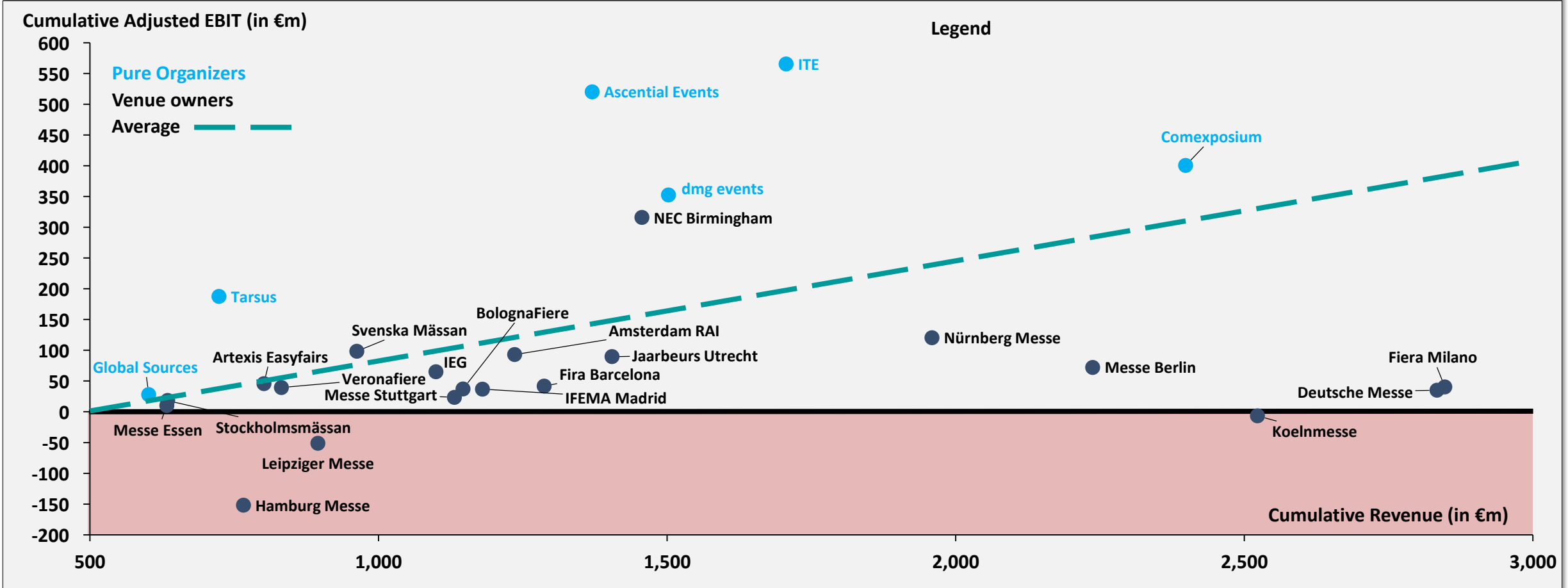
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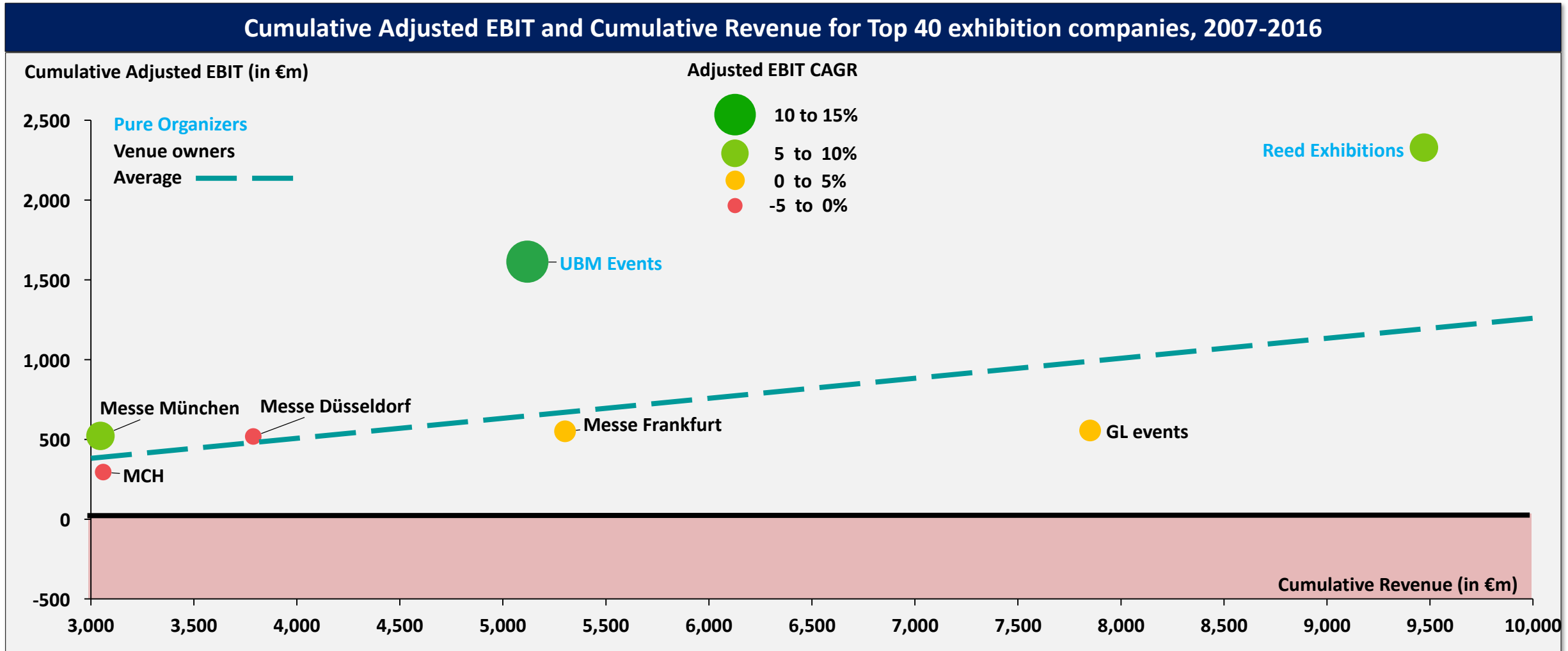
# Cumulative figures for the last 10 years show a healthy industry

Cumulative Adjusted EBIT and Cumulative Revenue for Top 40 exhibition companies, 2007-2016



Source: Company reports; Bundesanzeiger; jwc analysis; jwc estimates. Exchange rate as of 31 December of the specific year. Adjusting items which are added to the non adjusted operating profit: Expenditure and impairment on acquired goodwill and intangible assets, restructuring and reorganization costs, re-measurement and contingent consideration, acquisition and integration costs, exceptional amortisations and depreciations. Revenue estimated: 2007 Ascential (formerly EMAP/i2i). Adjusted EBIT estimated: 2007, 2015 and 2016 Comexposium, 2007 IFEMA Madrid and BolognaFiere, 2016 Messe Stuttgart and Hamburg Messe, 2007-2009 Ascential (formerly EMAP/i2i), 2007 and 2008 Veronafiere, 2007 and 2016 Italian Exhibition group. Italian Exhibition group revenue and adjusted EBIT composed by revenue and adjusted EBIT of Fiera di Vincenza (estimated) and Riminifera for 2007-2014. Financial year ended on June 30 for Artexis Easyfairs, March 31 for NEC Birmingham.

# Reed and UBM are the market leaders when looking at cumulative figures



Source: Company reports; jwc analysis; jwc estimates. Exchange rate as of 31 December of the specific year. Adjusting items which are added to the non adjusted operating profit: Expenditure and impairment on acquired goodwill and intangible assets, restructuring and reorganization costs, re-measurement and contingent consideration, acquisition and integration costs, exceptional amortisations and depreciations.



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Summary



# Does size matter?

informa

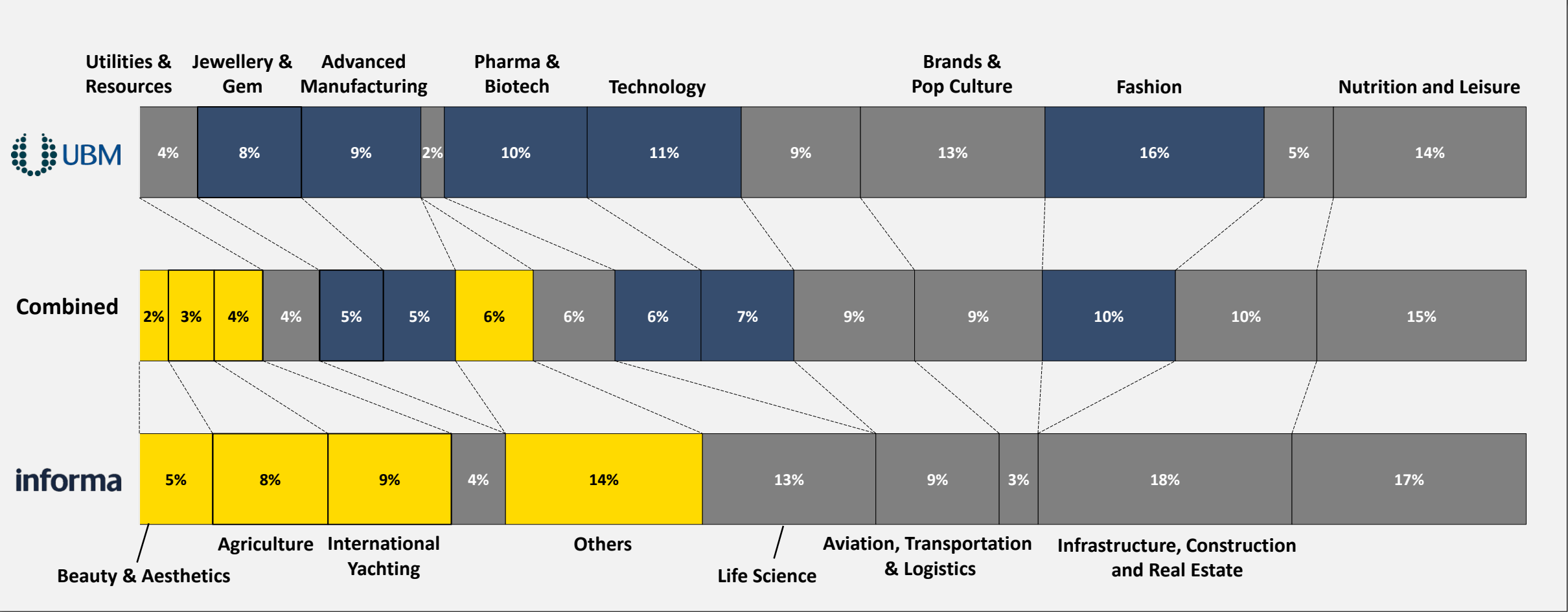




# The combined group has the ability to create strong communities for selected verticals and.....



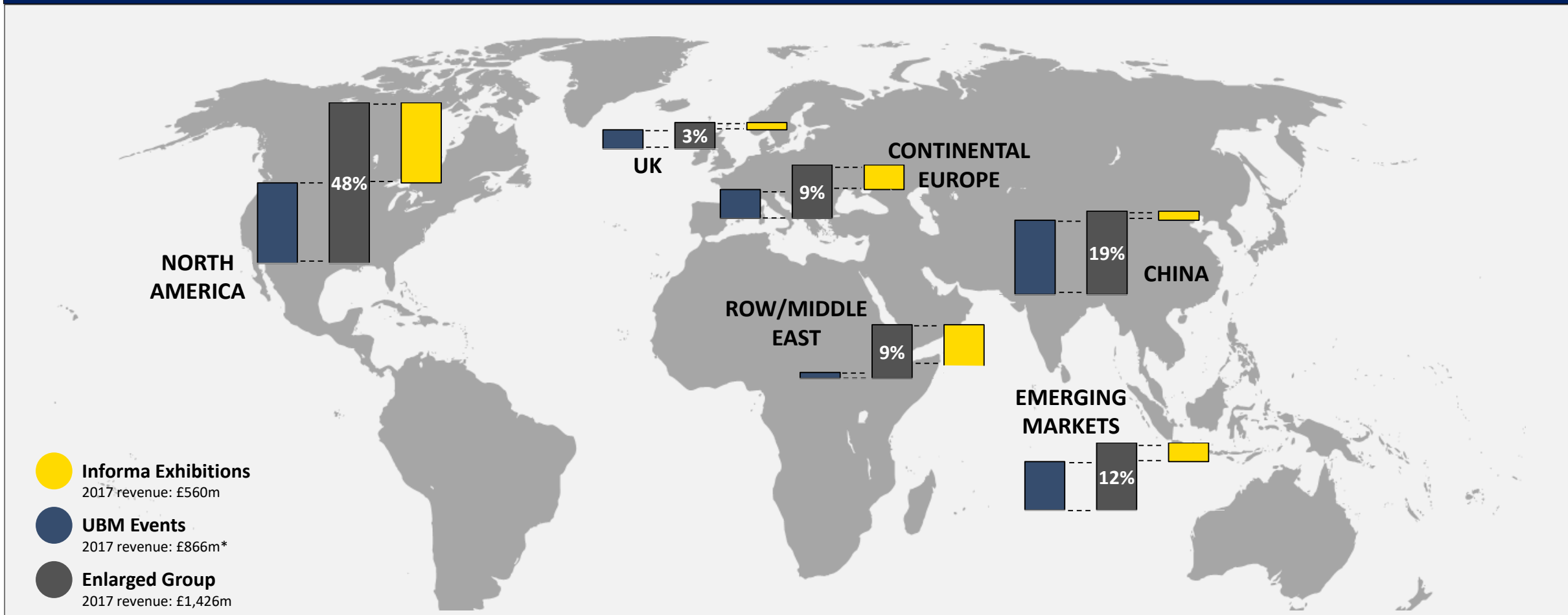
Industry verticals of UBM Events, Informa Exhibitions and the combined group



Source: Company reports; Note: UBM is also active in Beauty & Aesthetics (e.g. Cosmoprof Asia), but the industry was not included in UBM’s distinct industry verticals

# ....can leverage their strong regional presence

## Geographic pro forma revenue split for the combined Informa/UBM group in 2017



Source: Company reports, jwc estimates. \*Only annual events revenue has been taken into account for UBM's geographical revenue split




# Data management and digitization are two areas where scale will provide strong competitive advantages

Additional synergy potential post Informa/UBM merger:

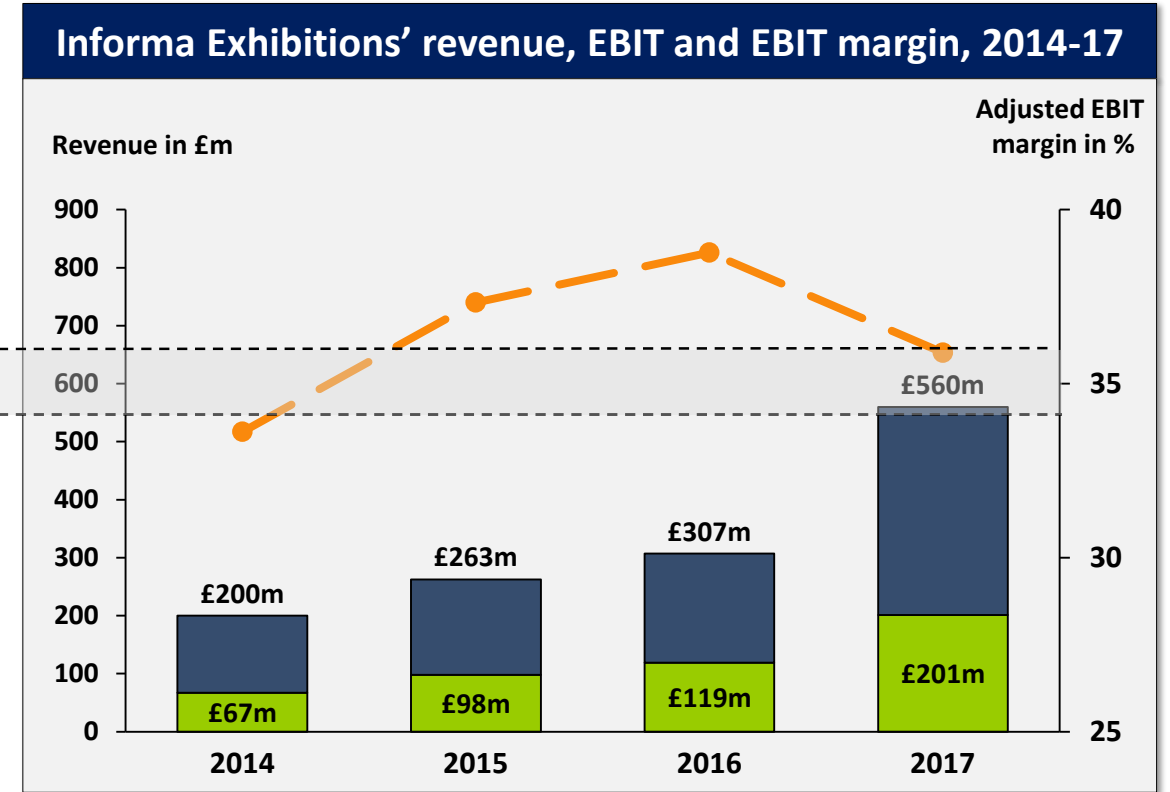
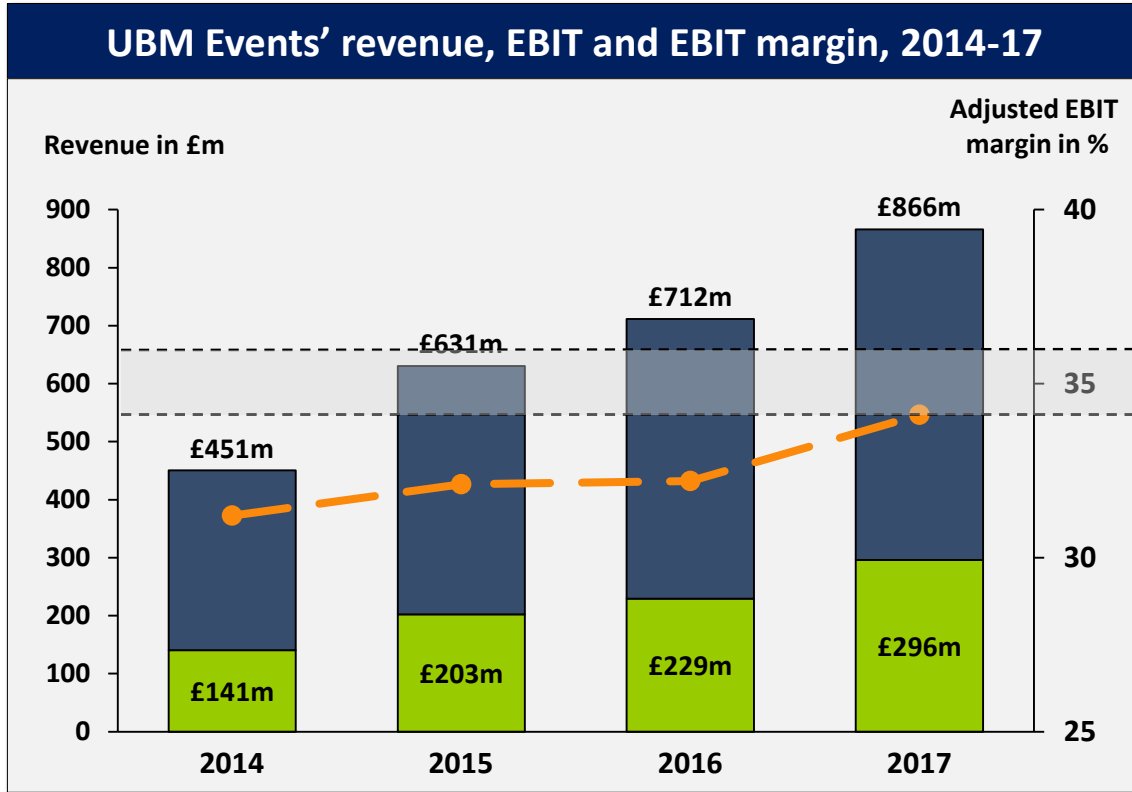


informa



-  Data management & customer insights
-  Event technology & digital innovations
-  Cost & Procurement
-  Cross-marketing & sales
-  Attracting talent
-  Pricing

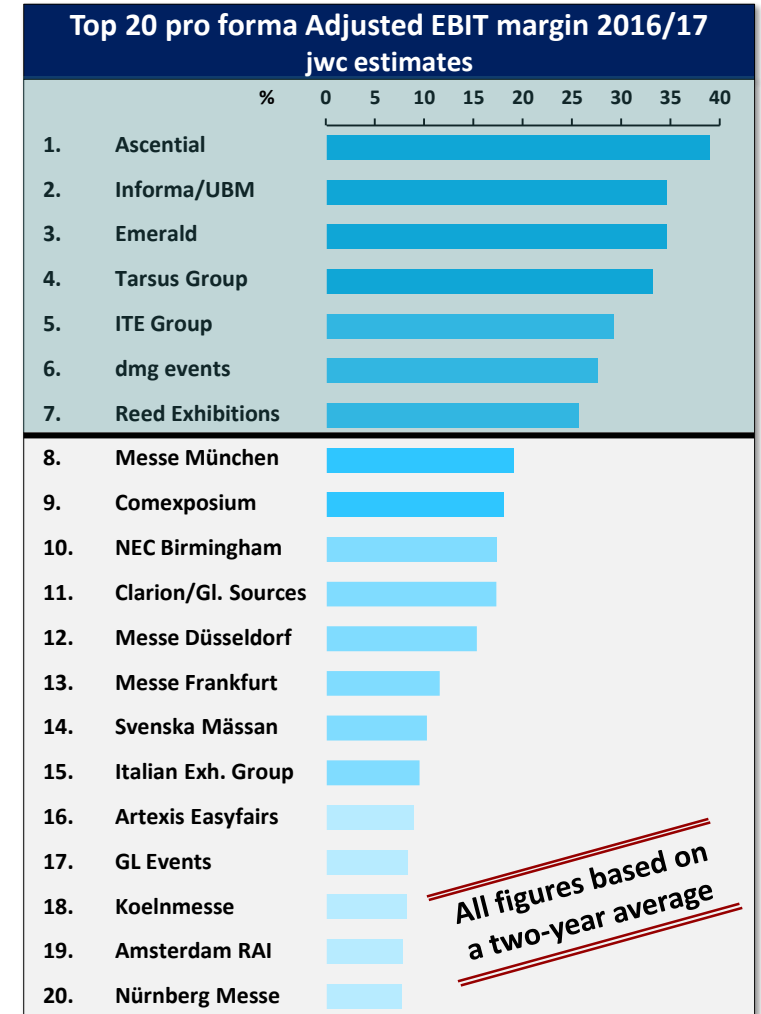
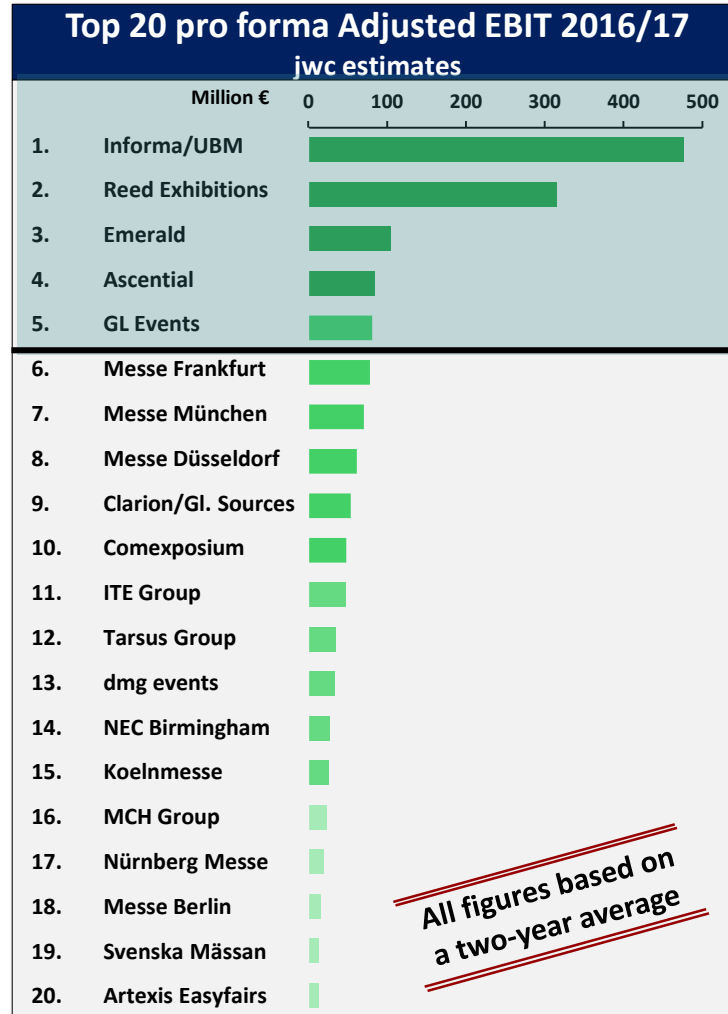
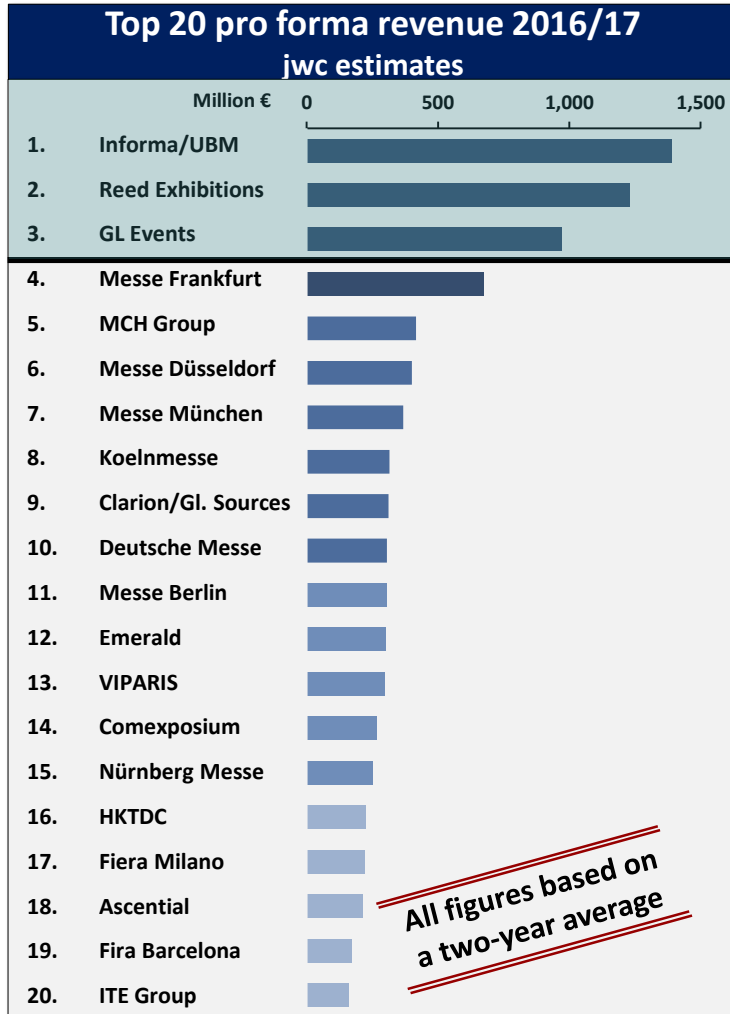
# Both Informa and UBM succeeded in improving their profit margins while expanding



2014-2017 CAGR	Revenue	Adjusted EBIT	Adjusted EBIT margin
UBM Events	24.3%	27.0%	3.0%
Informa Exhibitions	40.9%	44.2%	2.2%

Source: Company reports; BNP Exane

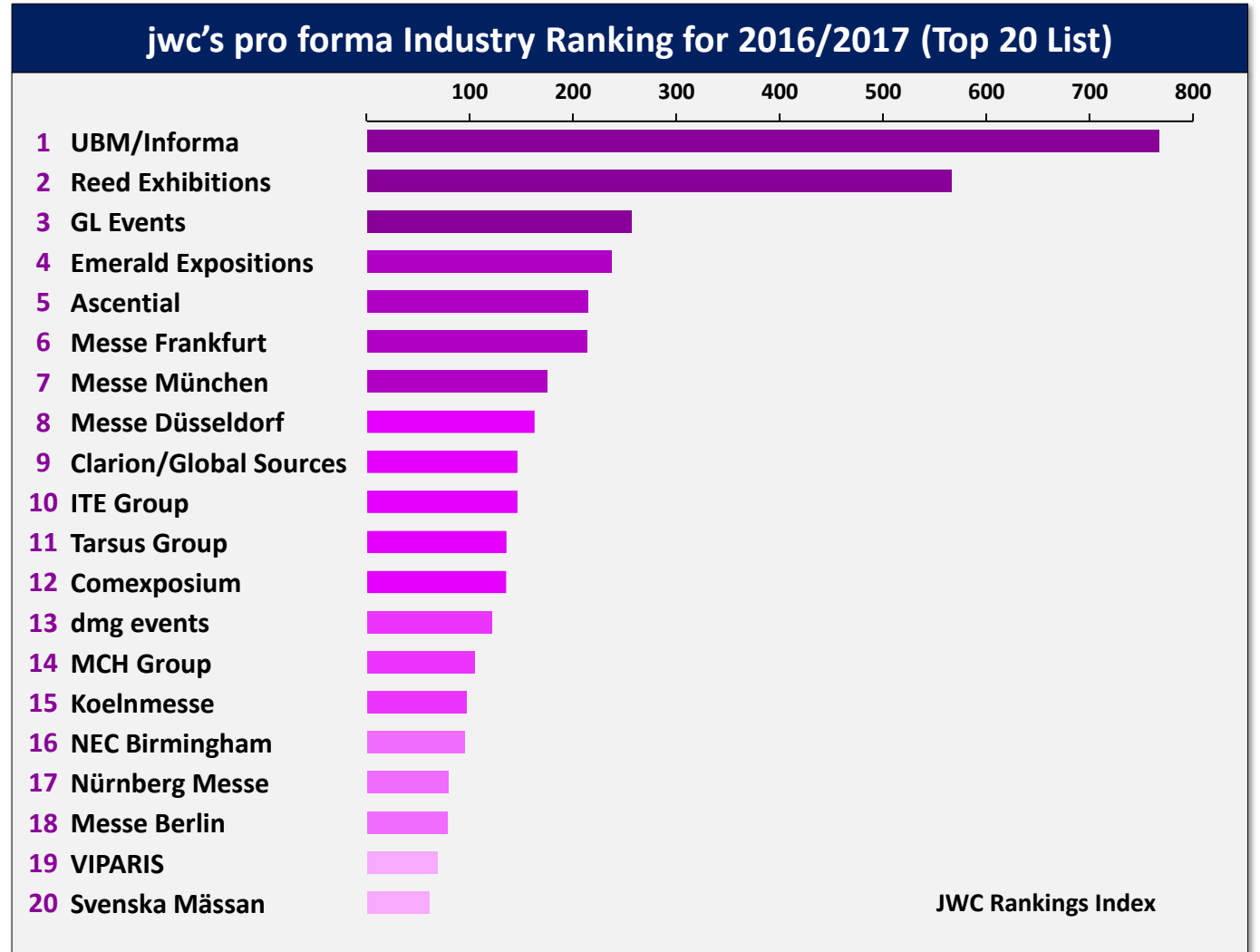
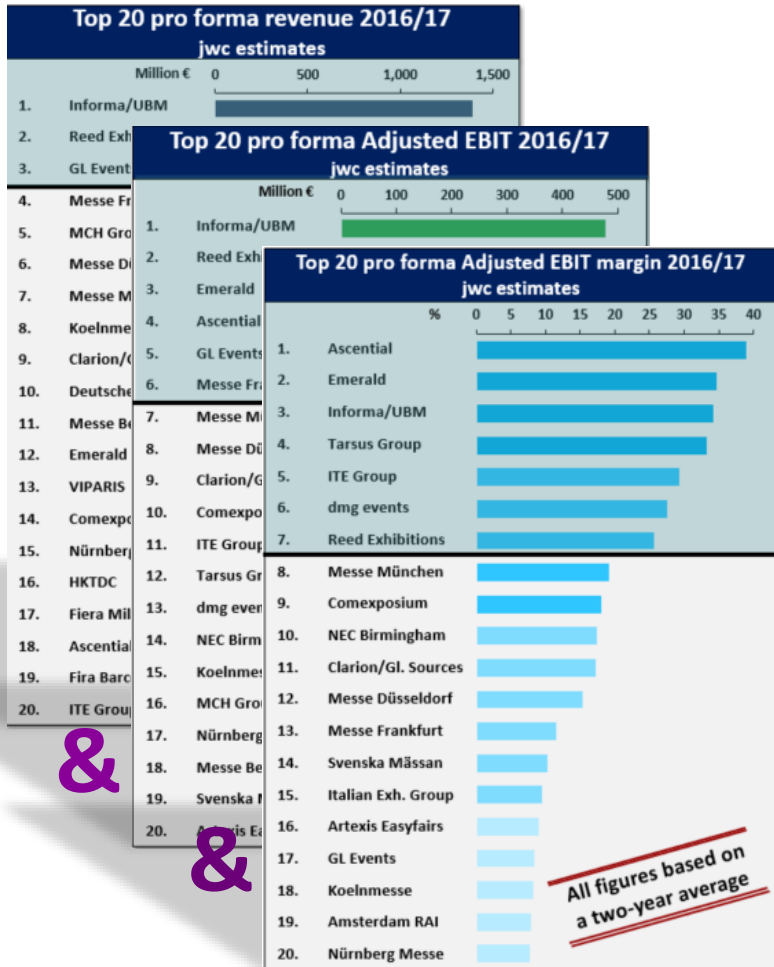
# Enlarged Informa Exhibitions will become the leading exhibition company in terms of revenue and Adjusted EBIT



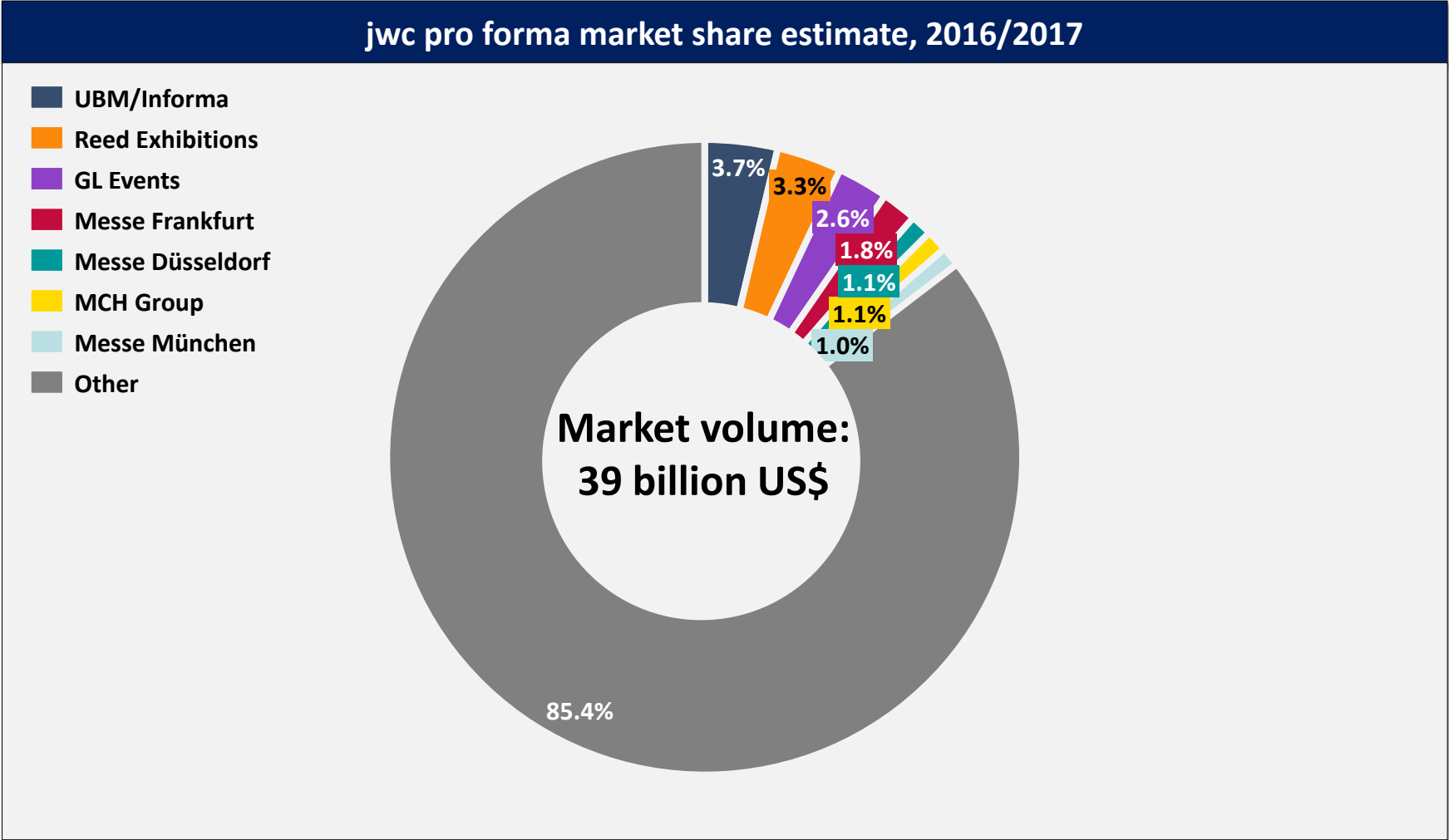
Source: Company reports; jwc analysis; jwc estimates. Exchange rate as of 31 December 2017 and 31 December 2016. Adjusting items which are added to the non adjusted operating profit: Expenditure and impairment on acquired goodwill and intangible assets, restructuring and reorganization costs, re-measurement and contingent consideration, acquisition and integration costs, exceptional amortizations and depreciations.



# Enlarged Informa Exhibitions dominates the adjusted jwc Industry Ranking

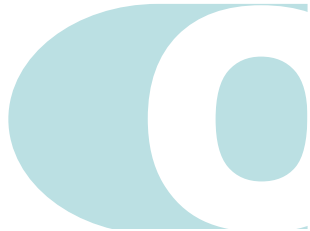


# Our industry is highly fragmented



\*Based on a two-year (2016/2017) average. jwc market share estimation based on revenues from events, services, venues, sponsoring, attendees/visitors





## OUTLOOK

- Further stable growth of the industry
- Asia will lead with growth of about 5%-6% p.a.
- Europe will see modest growth of  $\leq 1\%$
- North America will grow at about 2.0% - 2.5%



## Future

- Creating new products and new business models is top of our agenda
- Lack of growth in core markets, lack of innovation and growing competition from new businesses are considered to be the main challenges
- Data management is key, but requires new concepts
- Our industry will not be subject to digital disruption; digital will support industry growth, but will not be the most important growth driver
- Our industry is highly fragmented; global market shares for the top 3 differ marginally





**jwc helps customers to grow  
and increase profitability**

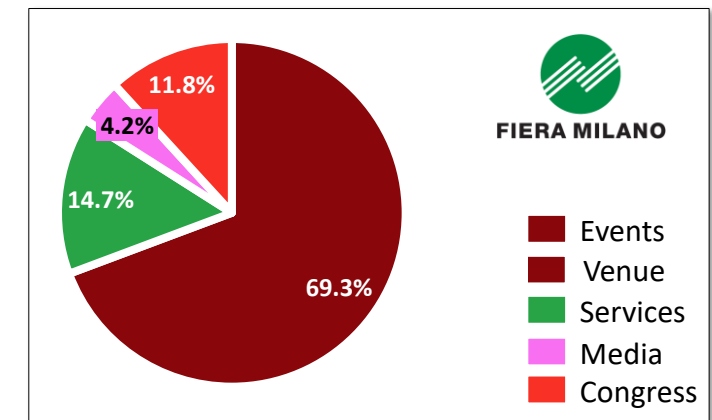
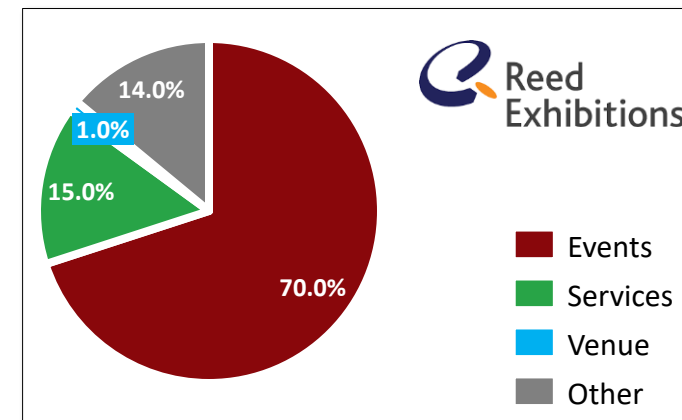
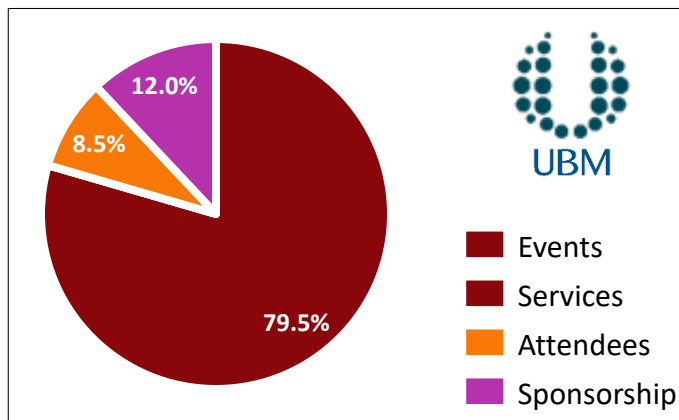
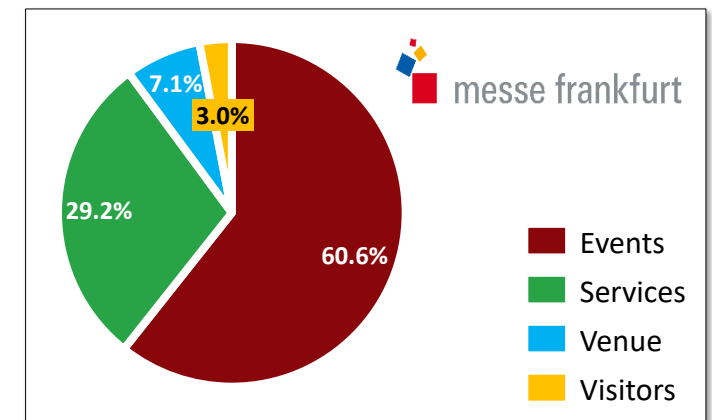
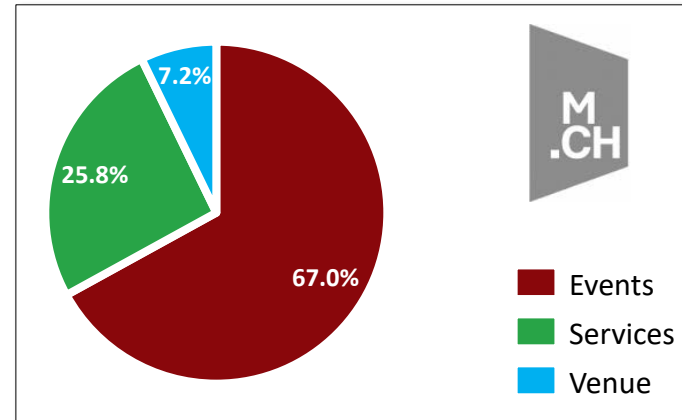
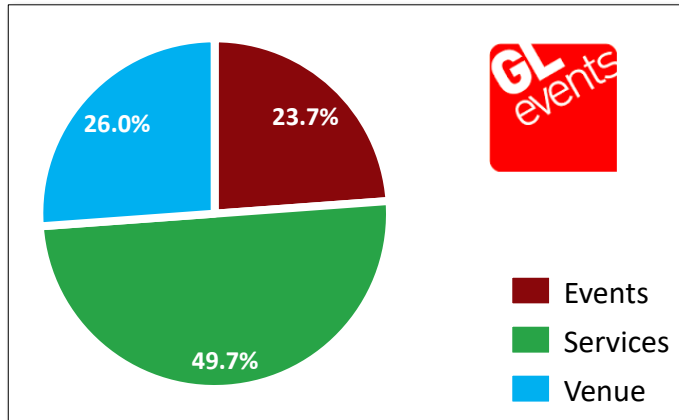
**jwc**

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for the trade fair and conference industry

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[jwitt@jwc.eu.com](mailto:jwitt@jwc.eu.com)

# Nearly all exhibition companies generate revenues from identical sources; only the proportions are different

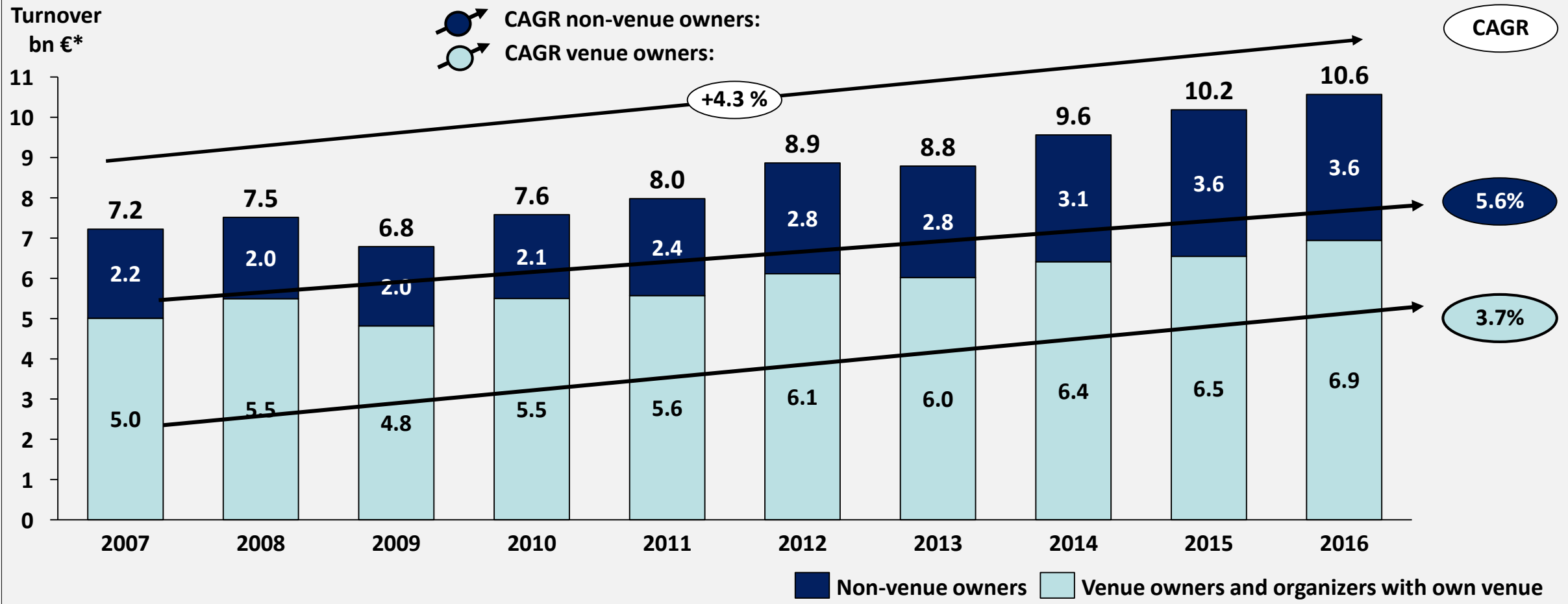
Segmental revenue split for selected exhibition companies in 2016



Source: Company reports, company presentations, jwc estimates

# In recent years, pure organizers have grown strongly, likely driven by acquisitions

Trade fair industry growth, turnover of Top 40, 2007-2016



Source: company reports, jwc research, jwc estimates; including turnover from services, venue management and other live events

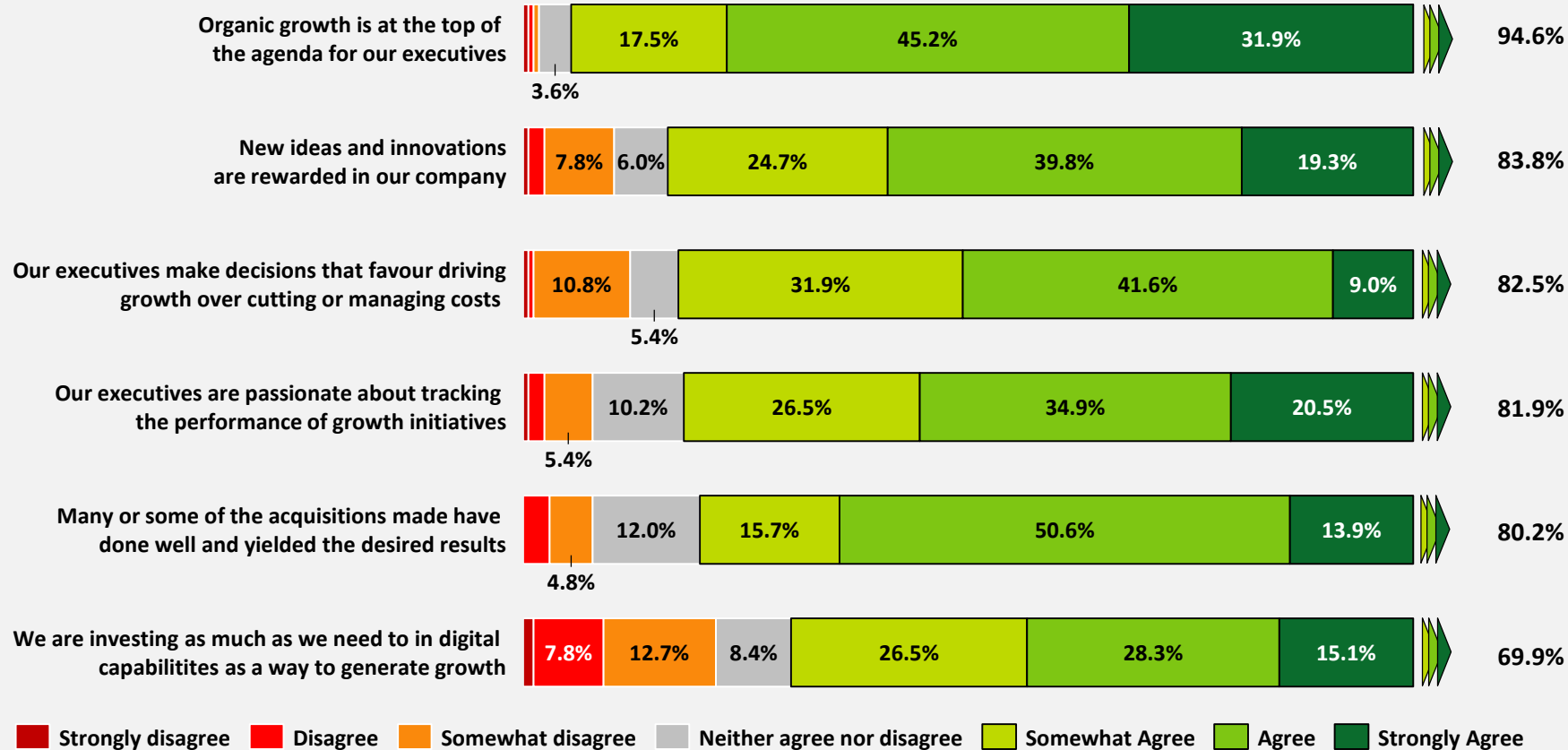


# Agreement that growth is at the top of the agenda, but discord about the levels of investment in digital

## Promoting growth: Overall

To what extent do respondents agree with the following statements as it applies to their company?

Percent 'agree'



The lowest levels of agreement about whether enough is being invested in digital capabilities



# Digitalization: “Meeting f2f is the ultimate customer experience in a digital world”\*

## Digitalization in our industry

### The purpose of digital offerings:

- Cost savings → Business processes
- Make participation more comfortable → Registration/bookings, navigation
- Make participation more successful → Matchmaking f2f and online / customer reach

• Digital will support industry growth, but will not be the most important growth driver

## Digitalization in the industries we serve

### Digitalization changes the industries we serve

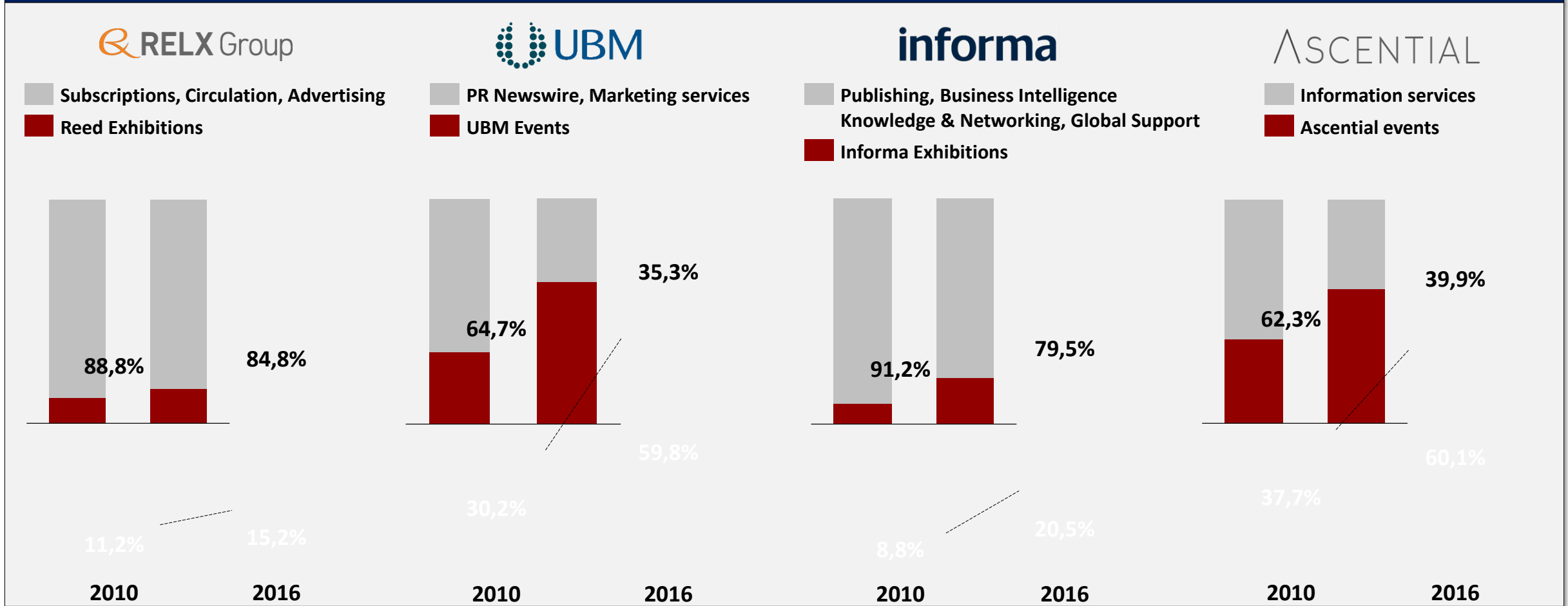
- 3D printing
  - Virtual/augmented reality
  - Establishing digital and physical formats across different industries (Car industry at CES, Mercedes at SXSW, Me Convention at IAA)
- Size of shows will be effected

Each CEO in our industry should ask the question:  
What effect digitalization has on the industry her/his company serves?

\*Roland Kuemin, CEO Balluun

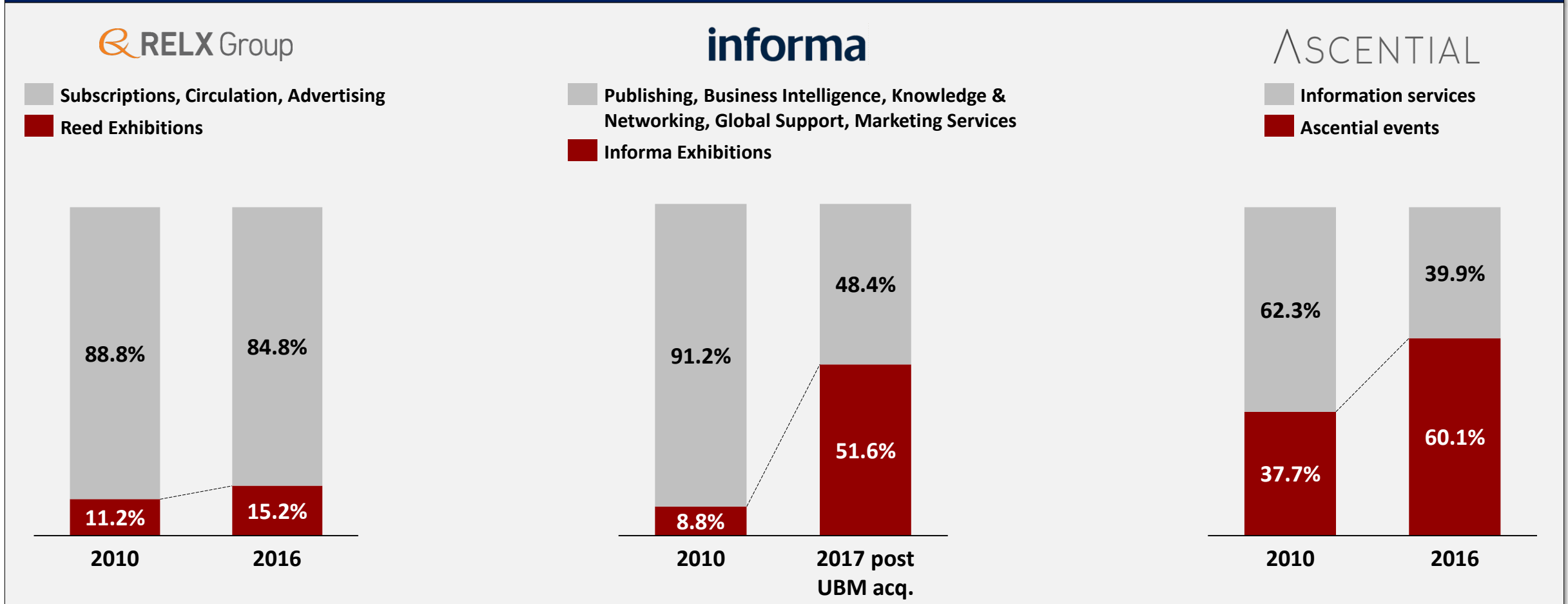
# The exhibition and event segment has gained importance in major media corporations over the last years

Proportion of exhibition and events segment revenue in selected media corporations



# The exhibition and event segment has gained importance in major media corporations over the last years

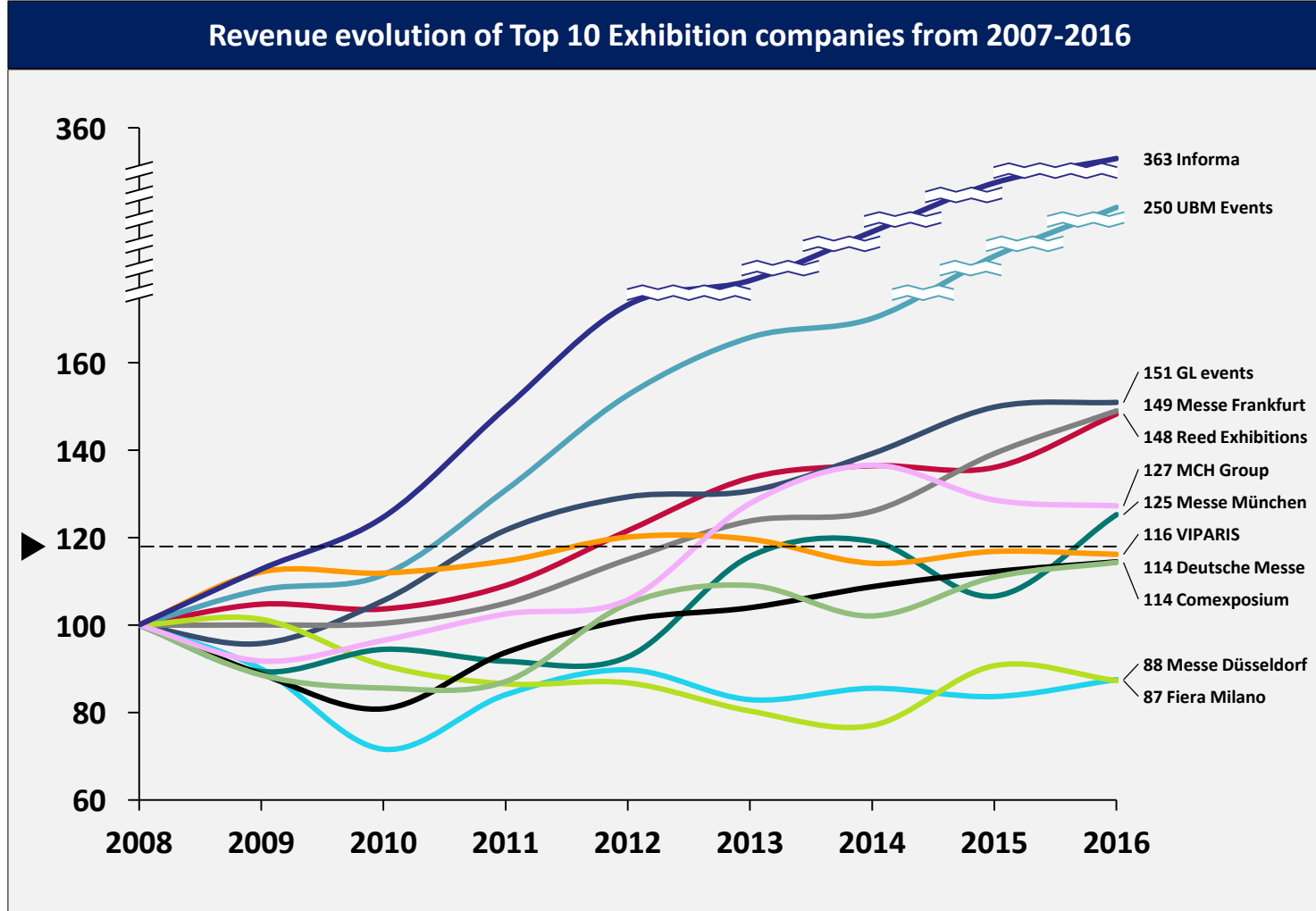
## Proportion of exhibition and events segment revenue in selected media corporations



Source: Company reports; BNP Exane

# 80% of the top ten of 2007/2008 are still in the top ten of 2015/2016

Top 10 Companies 2007/08	
2-year average in Euro	
1.	Reed Exhibitions
2.	GL Events
3.	Messe Frankfurt
4.	Messe Düsseldorf
5.	Fiera Milano
6.	UBM Events
7.	Messe München
8.	Deutsche Messe
9.	VIPARIS
10.	Comexposium



Top 10 Companies 2015/16		
2-year average in Euro		
1.	Reed Exhibitions	=
2.	GL Events	=
3.	UBM Events	↑
4.	Messe Frankfurt	↓
5.	MCH Group	↑
6.	Messe Düsseldorf	↓
7.	Messe München	=
8.	Informa Exhibitions	↑
9.	Deutsche Messe	↓
10.	VIPARIS	↓

Source: Company reports, jwc estimates, Yearly index points are calculated with a 2-year moving average (Ex: 2008 average of revenue from 2007 and 2008). Exchange rate for rankings as of 31/12/2007 and 31/12/2016. Revenue index calculated in original currency of specific company. VIPARIS revenue estimated for 2014-2016

## *Worldwide Keypad Instructions*



- To use the keypad, simply press the number that corresponds with the option you wish to choose.
- There is no enter button.
- If you make a mistake, you can revote at any time during the polling period.
- The number you choose will briefly illuminate on the keypad display and then extinguish. This is how you know your vote has been received.