IFES Convention

Milan, Italy - 21 June 2008

"Global Exhibition Trends"

Cliff Wallace, CFE

UFI President

Today‘s Objective

1	Briefly about UFI and the need for reliable industry data
2	World Map of Exhibition Venues and trends
3	Global estimates on Fairs & Exhibitions in the world
4	Gross Domestic Product and trends in the Exhibition Industry
5	Conclusions

1	**Briefly about UFI and the need for reliable industry data**
2	
3	
4	
5	

UFI Overview

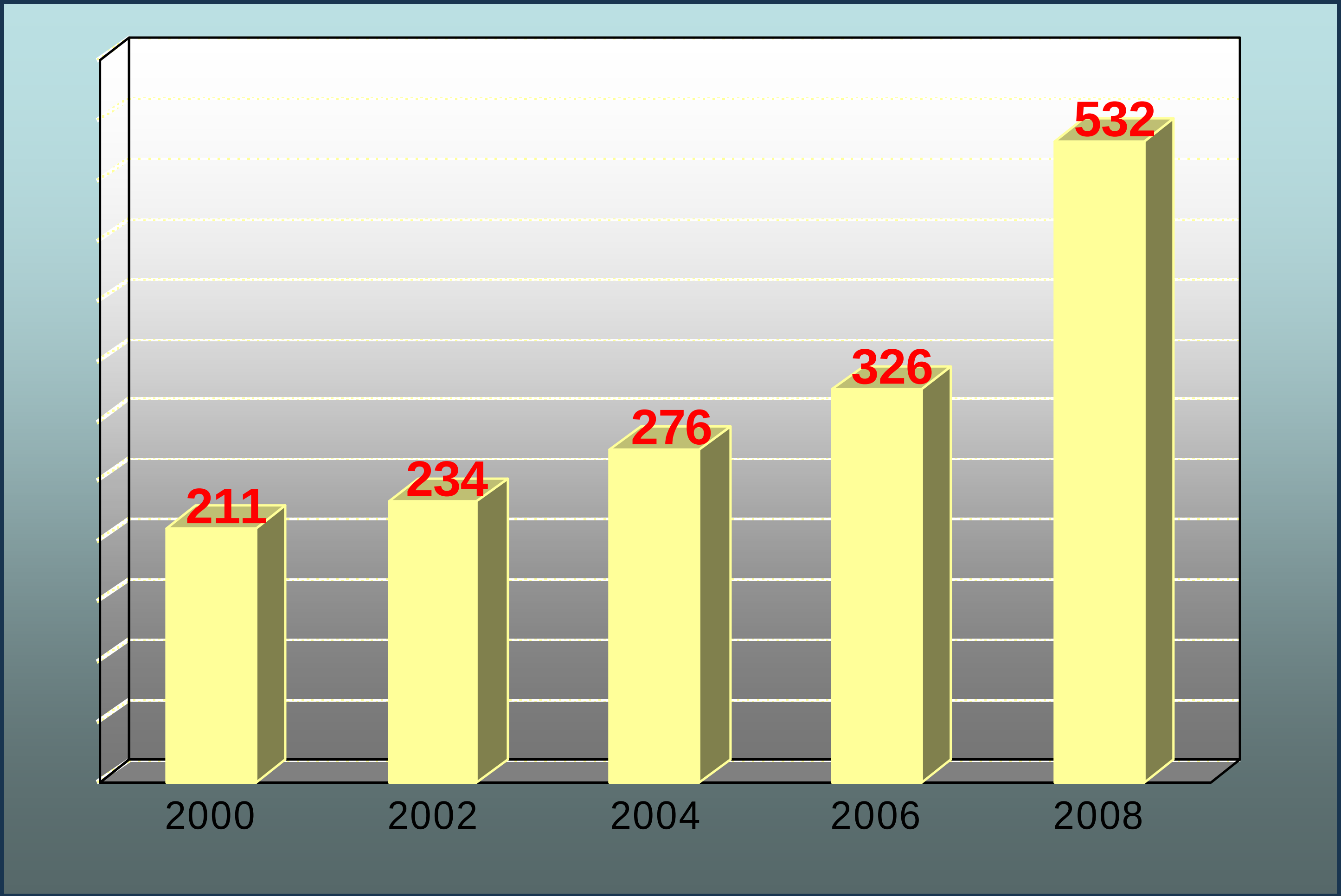
More than 500 members comprised of:

- Exhibition Organizers
- Exhibition Venue Owners and/or Operators
- National and International Exhibition Industry Professional Associations
- Partners of the Industry (Associate members):

  Convention & Exhibition Bureaus
  Research organizations
  Auditors
  Universities
  Exhibition media
  Other service providers

In 83 countries

Steady Growth in UFI Membership



UFI Membership in the World

Global Offices

- **Headquarters in Paris**

- **Regional offices in:**
  Hong Kong (Asia & Pacific)
  Abu Dhabi (Middle East & Africa)

- **Future growth anticipated in the Americas**

UFI Objectives& Purposes

Networking

Research

Expertise

Studies

Cooperation

Statistics

Education

Management

Quality

Marketing

Information

Communication

Standards

Primary Purposes of UFI

- Networking
- Information (Research and Education)
- Promoting the Industry

The Need for Reliable Data

- Industry data is dramatically missing globally.
- When available, it’s not always accurate (sometimes exaggerated), and usually not reliable unless audited.
- The consequences: adverse impact on research (trends) and reliability towards other marketing tools, internal analysis, or simply sales activity, attendance, etc.

UFI's Contribution

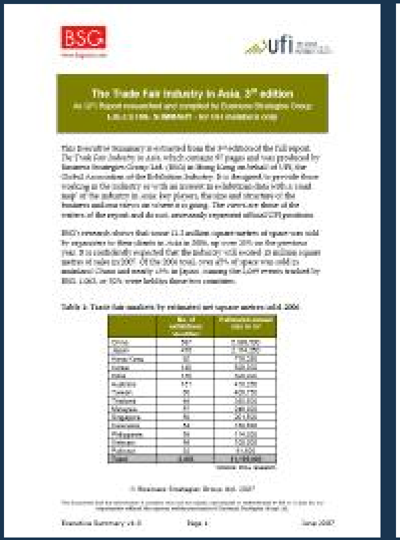
UFI approved events

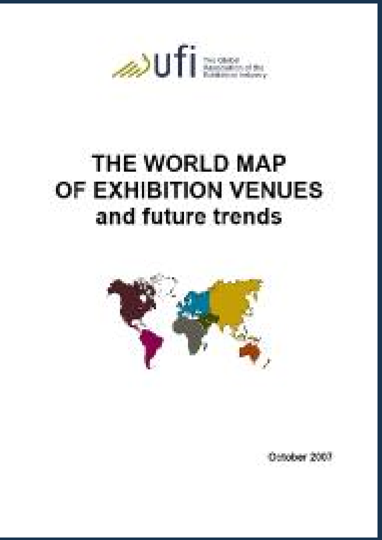
- A series of qualitative criteria
- Quantitative criteria
  (exhibitors: 10% international OR visitors: 5% international)

New auditing rules for the UFI approved events

Research reports (examples)

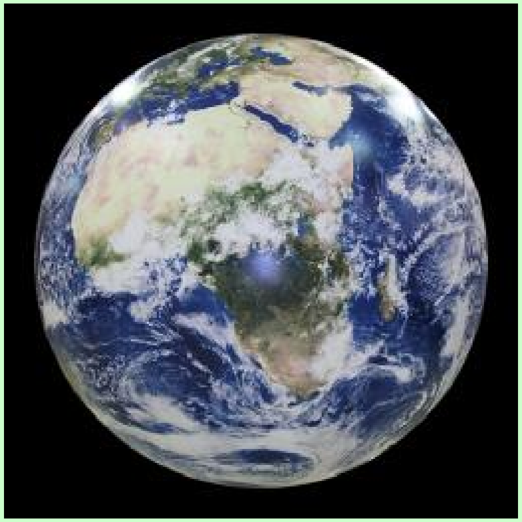
- **«The Trade Fair Industry in Asia»** - UFI Report researched and compiled by Business Strategies Group in Hong Kong (UFI's Regional Office for Asia and Pacific (4 editions in a row: trends are possible)
- **«The World Map of Exhibition Venues»** (UFI HQ - October 2007) - includes the anticipated projects thru 2010


BSG
The Trade Fair Industry in Asia, 3rd edition



1	
2	World Map of Exhibition Venues and trends
3	
4	
5	

Exhibition Space Growth Worldwide



2001 → **2005** **+ 21%**

(Source: AUMA - for venues of international relevance only)

2006 → **2010** **+ 13%**

(Source: UFI, World Map of Exhibition Venues, October 2007 - venues with a minimum of 5,000 sqm indoor exhibition space)

“World Map of Exhibition Venues and future trends” (UFI - October 2007)

WORLD

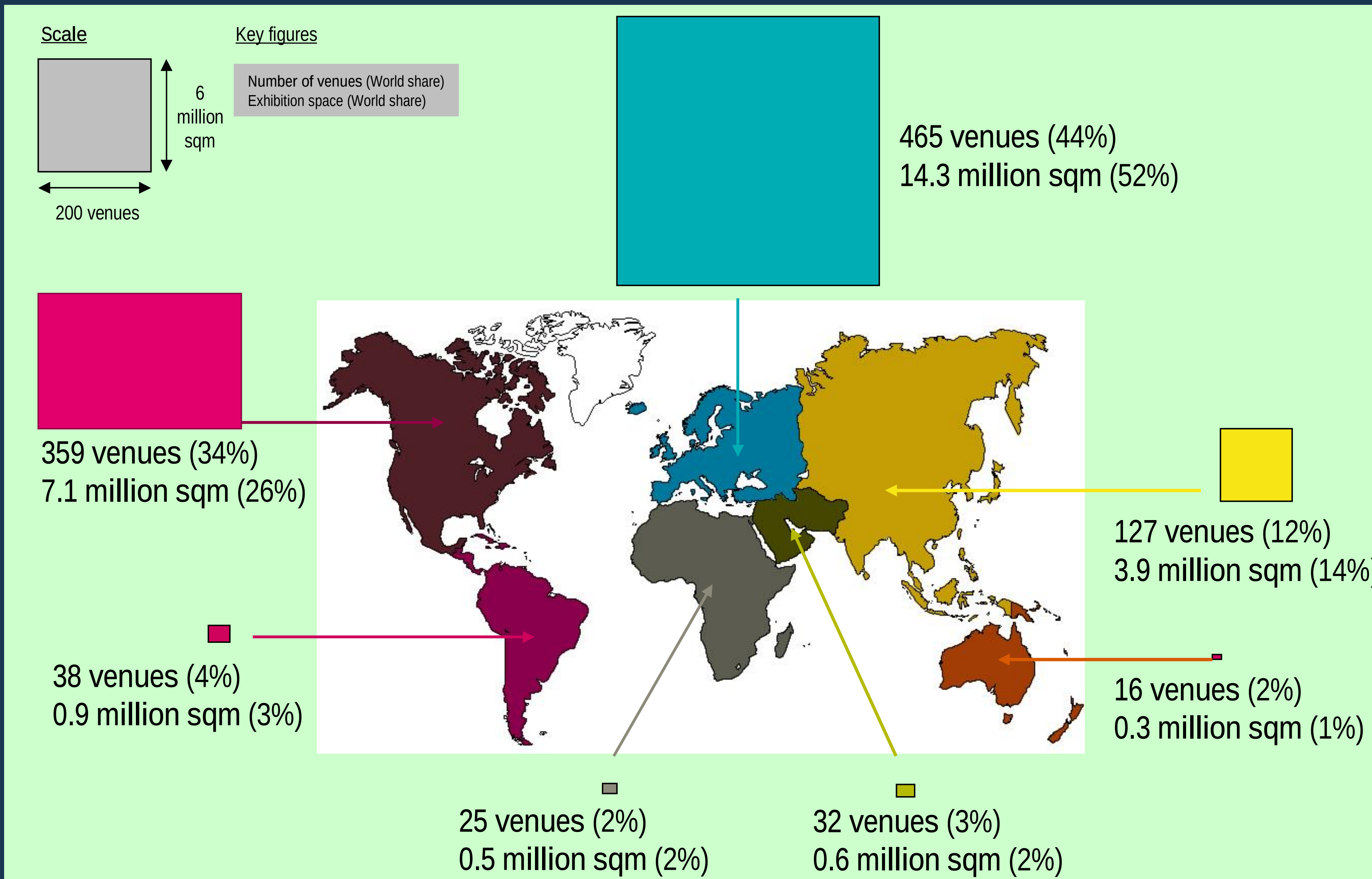
Venues with a minimum of 5,000 sqm indoor exhibition space

Year 2006

1,062 venues
27.6 million sqm
of total indoor exhibition space

Venue Distribution - 2006

(With a minimum of 5,000 sqm of indoor exhibition space - Source: UFI – October 2007)



“World Map of Exhibition Venues and future trends” study (UFI - October 2007)

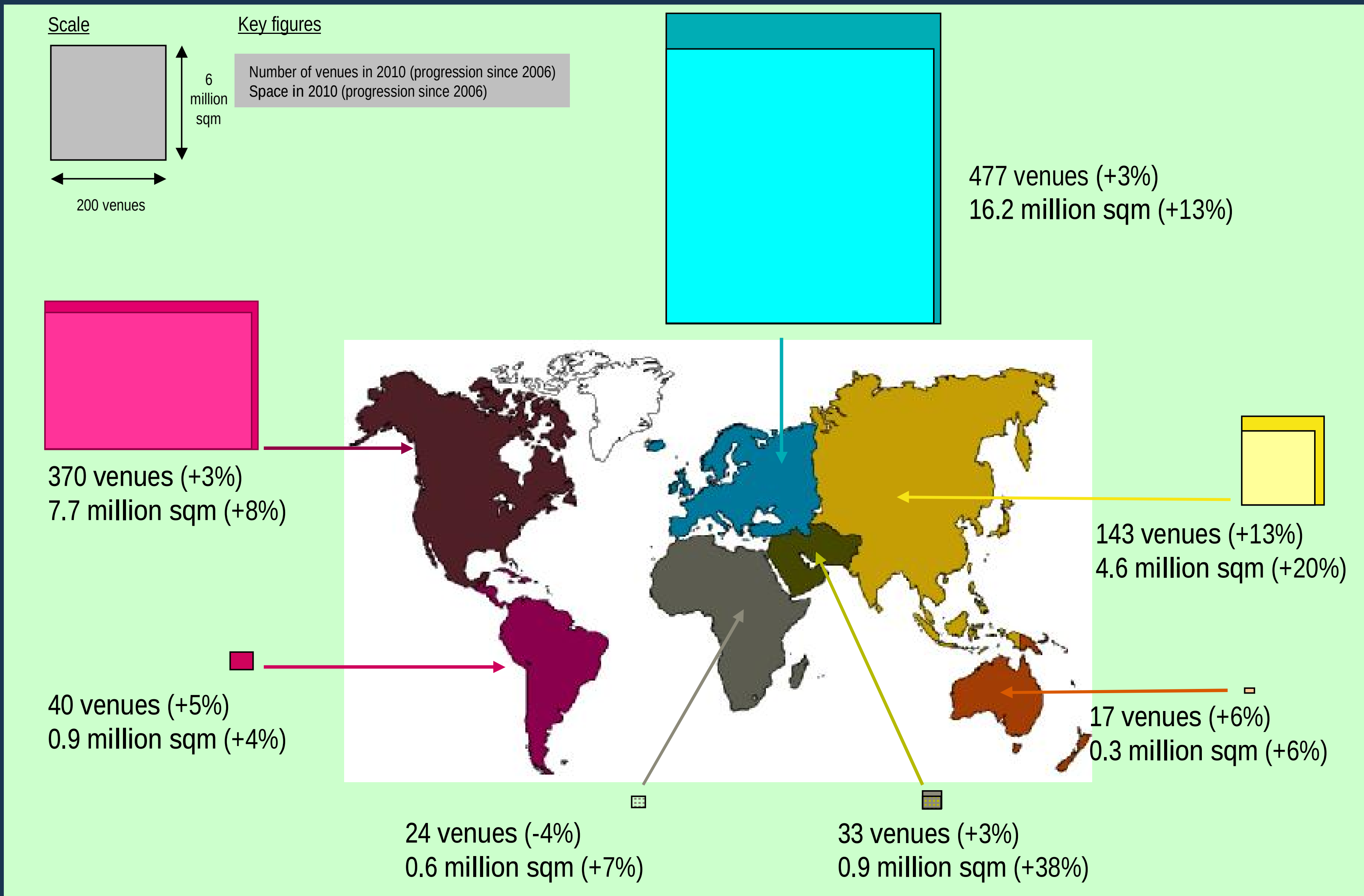
Venues with a minimum of 5,000 sqm indoor exhibition space		Year 2006	**Year 2010 (estimate)**
WORLD		1,062 venues 27.6 million sqm of total indoor exhibition space	**1,104 venues (+4%) 31.1 million sqm (+13%)**

Total expenditure for additional exhibition space between 2007 and 2010 worldwide is estimated (*) at a minimum of 13.5 billion €

(*) construction costs only (not including, e.g., cost of land, financing costs, market research or architectural and other professional fees)

Venue Distribution - 2010

and growth since 2006 (With a minimum of 5,000 sqm of indoor exhibition space - Source: UFI – October 2007)



Growth in Exhibition Space Between 2006 & 2010

Venues with a minimum of 5,000 sqm
of indoor exhibition space (Source:UFI – October 2007)

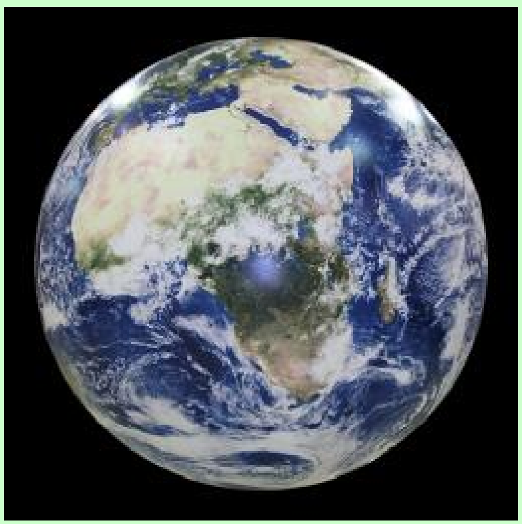
	Gross indoor exhibition space (million sqm) 2006	2010	growth
Europe	14.3	16.2	13%
North America	7.1	7.7	8%
Asia	3.9	4.6	20%
Central & South America	0.9	0.9	4%
Middle East	0.6	0.9	38%
Africa	0.5	0.6	7%
Oceania	0.3	0.3	6%
WORLD	27.6	31.1	13%

The Global Growth of Exhibition Space

- Market adjustments (Asia + Central & Eastern Europe)
- Fierce competition (both locally and internationally to enlarge venues to accommodate the growing shows and keep them from moving and there has been a “development race” with little concern apparently for possible overcapacity)
- Growing awareness by local authorities of the benefits of the industry (direct and indirect economic impact)
- Coexistence of various economic models and financial expectations (sometimes return on objectives instead of return on investment)

1	
2	
3	**Global estimates on Fairs & Exhibitions in the world**
4	
5	

Global Exhibition Data (UFI Estimates - 2004)



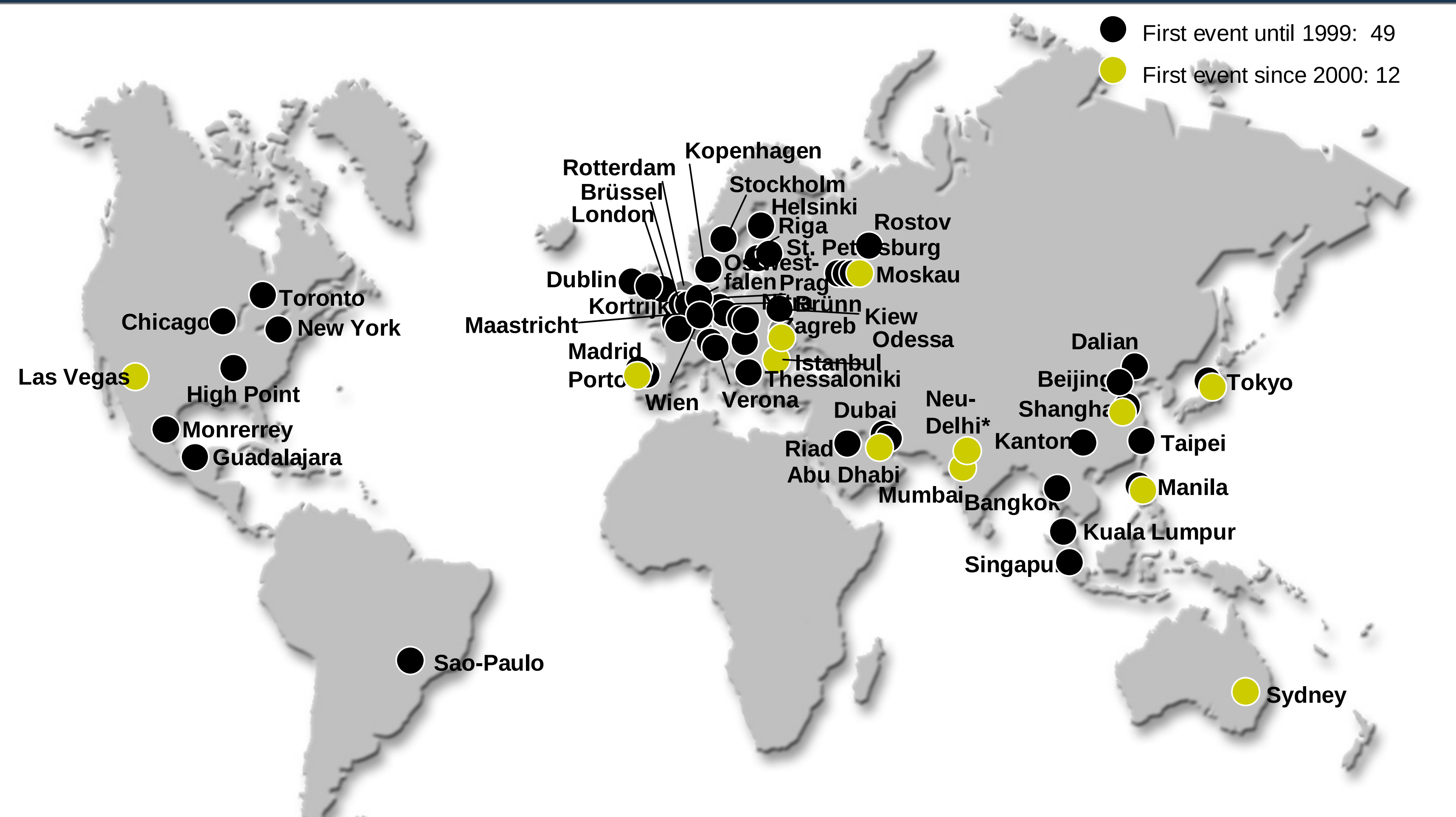
A minimum of:

30,000 trade fairs (>500 sqm net)

3.2 million Exhibitors

350 million Visitors/Visits

Competition of Trade Fair Topics: Leading Fairs still in Europe, but the number of new competitors is on the increase



Source: AUMA Fairs on a selected topic whith more than 100 exhibitors,

Major European Trends 2000 - 2005

- Italy: Cooperation, initiating globalization
- France: Consolidation
- UK: Internal market, comparably little capacity
- Eastern Europe: Growing markets, increased capacity
- Germany: Stiff competition, more globalization

Overall European Summary

- Return to moderate growth
- Overcapacities in some of the main markets
- Strong competition between venues and topics
- Focus on globalization and services
- Consolidation trends

USA Market Trends

- Main trade fair cities: Las Vegas, Orlando and Chicago
- Solid growth
- Increase in venue capacity
- Fragmented industry
- Mainly national-oriented events
- Venue owner/manager and show organizers separate entities
- Strong competition between venues

Asian Market Trends

- GDP growth and IMF advanced economies
- No one single market
- Strong growth in capacity and number of fairs
- More venue additions to come
- Many non-competing regional markets
- New organizer entrants to the market
- New business models
- Focus of international organizers

Necessity to Develop Industry Research Activity

UFI **Organizer** members are responsible for thousands of exhibitions worldwide (4,500+) including some of the largest in the world

UFI **Venue** Members are hosting a significant number of fairs and exhibitions

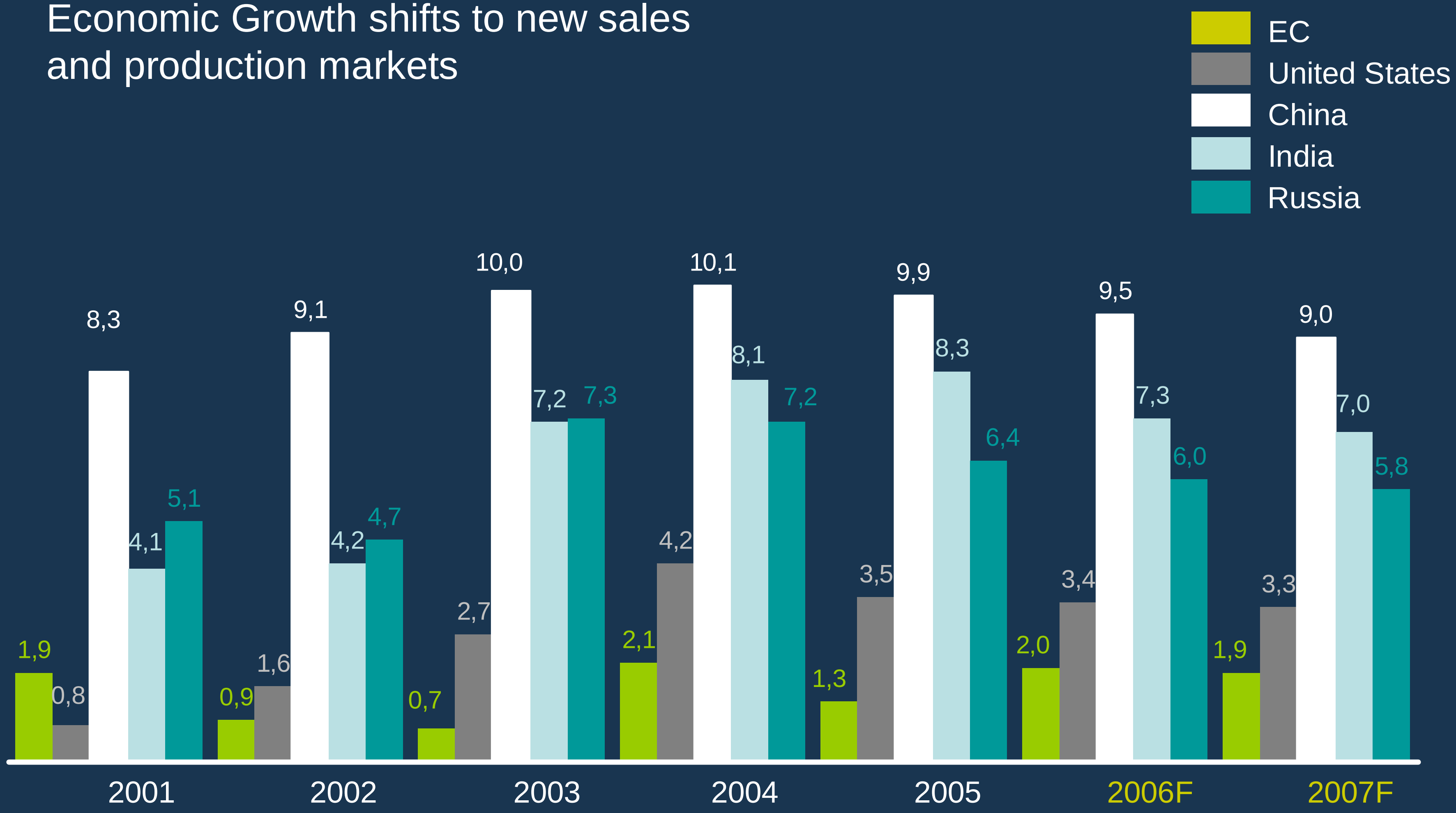
- **F** This basis will now be used as a reliable source on an annual basis

The Global Association of the Exhibition Industry

1	
2	
3	
4	Gross Domestic Product and trends in the Exhibition Industry
5	

Real GDP Growth

Economic Growth shifts to new sales and production markets



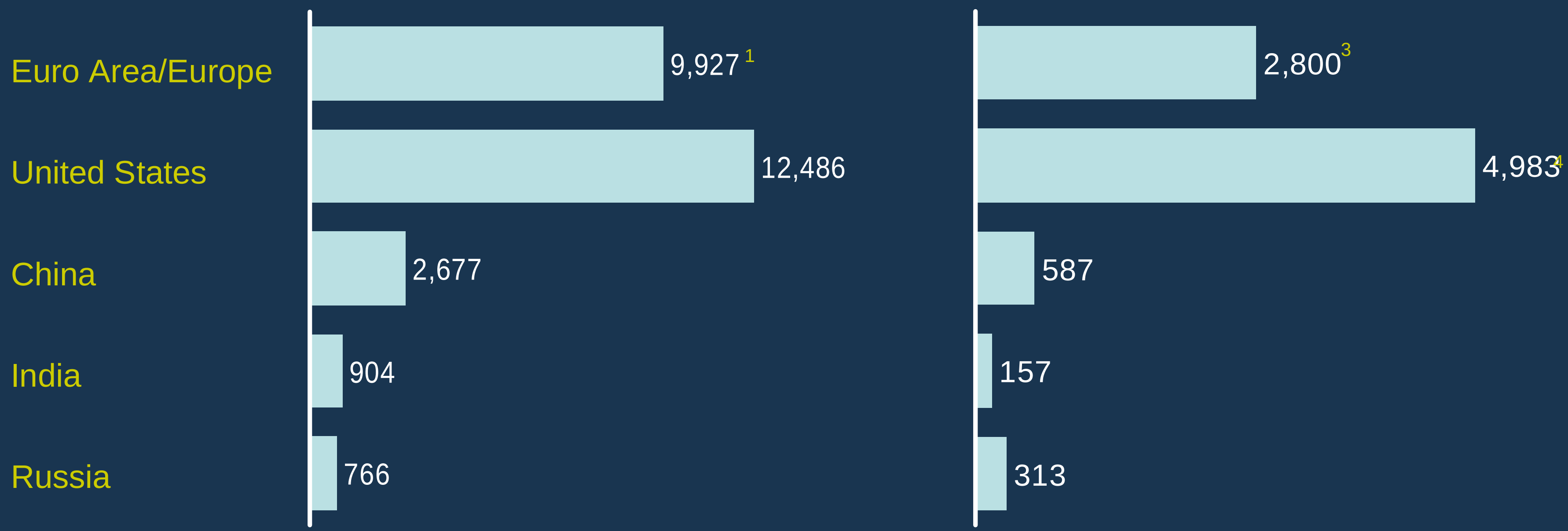
F = Forecast

Source: IMF, World Economic Outlook, April 2006

2005 GDP (US$ in Billions)

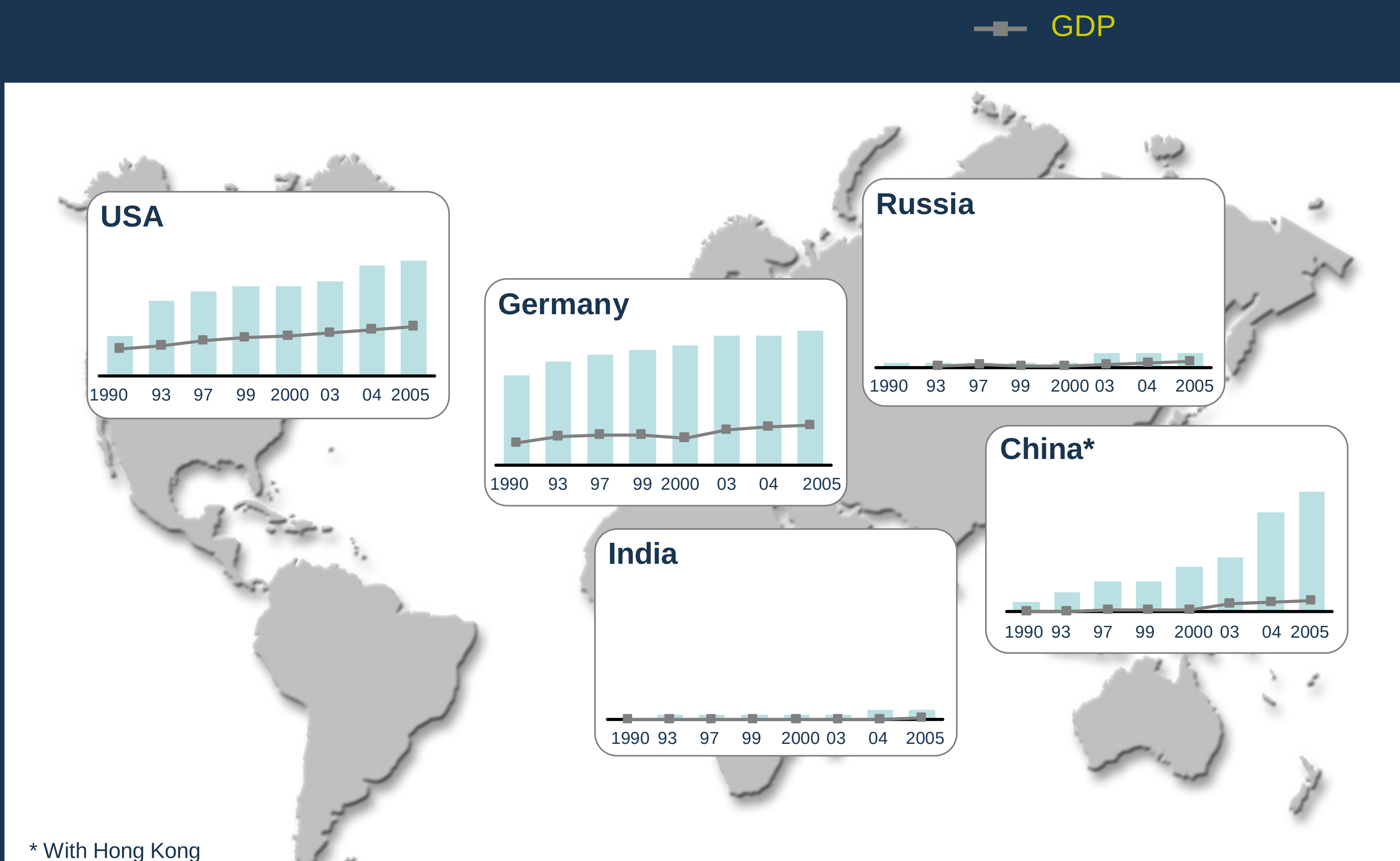
Trade Fair Business is successful in effective sales and/or production markets

Number of Exhibitions in 2005 [2]



1 Euro Area
2 International Exihibitions
3 Europe
4 Exhibitions occupying at least 3,000 net square feet of space; B2B and consumer exhibitions
Source: International Monetary Fund, AUMA, CEIR

Exhibition Space and GDP Per Capita Growth 1990 thru 2005



* With Hong Kong

Source: AUMA, International Monetary Fund, World Economic Outlook Database, April 2006

Comparing Exhibition Space and GDP (2006)

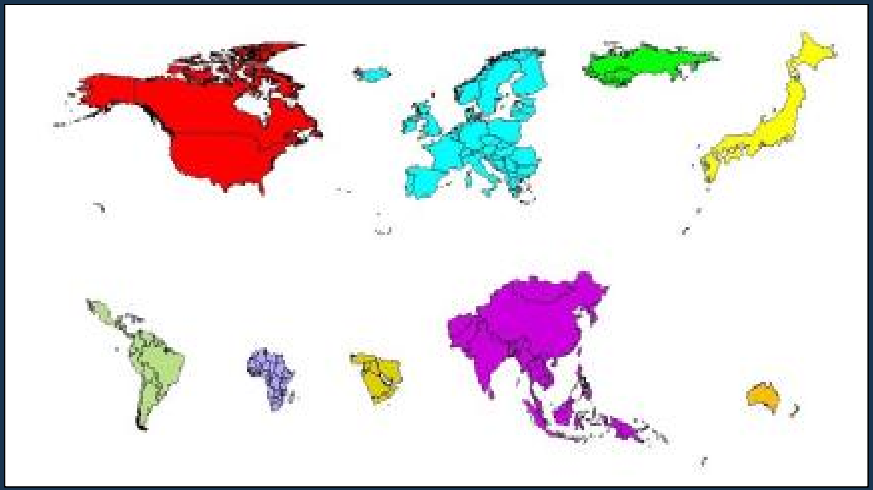
	sqm of Indoor Exhibition Space per US M$ of GDP		
Europe	*0.85*	205	*Overcapacity?*
North America	*0.46*	109	
			100 = World average
Middle East	*0.39*	94	
Oceania	*0.31*	75	
Central & South America	*0.23*	55	
Africa	*0.20*	48	
Asia	*0.16*	37	*Undercapacity?*

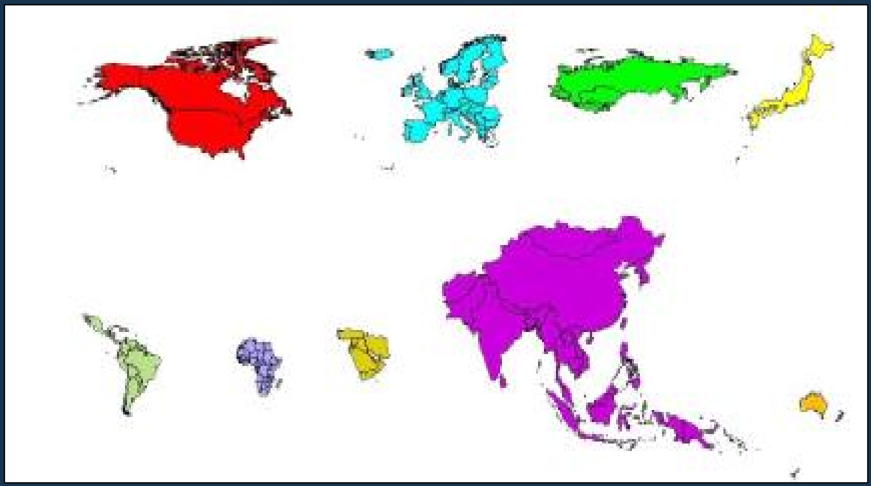
What about the future ?

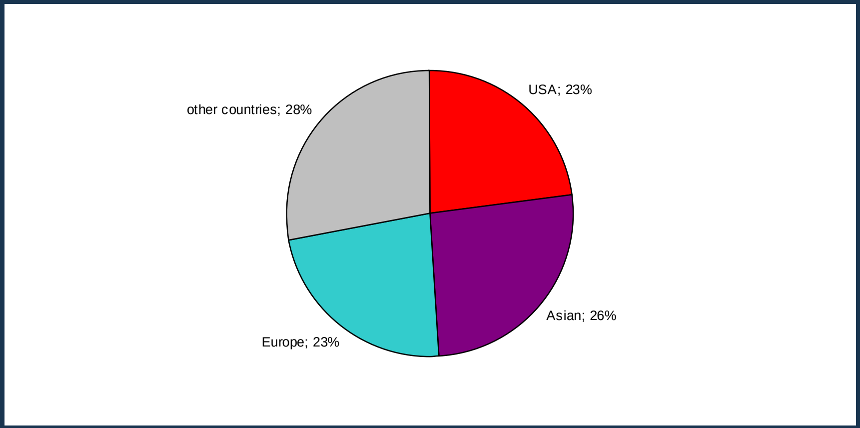
Continents weighted by Real GDP

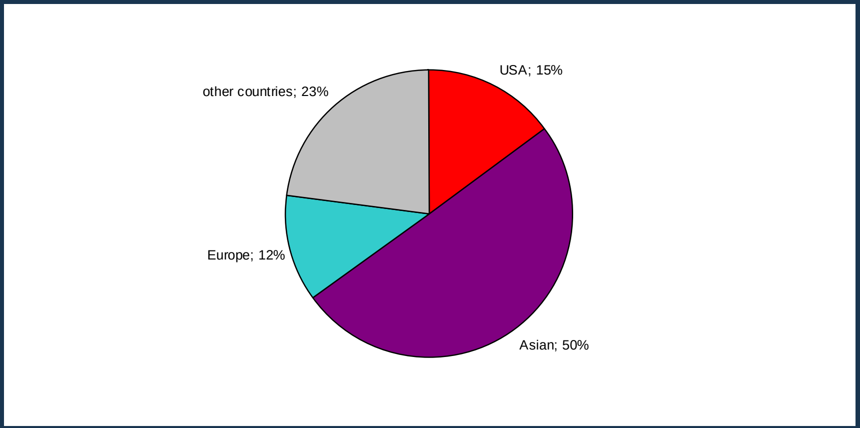
In 2003

Projected for 2030









1	
2	
3	
4	
5	**Conclusions**

Conclusions

1. Exhibition business has been strong and sound (last 5 years).
2. Trade fairs have historically been an essential tool for globalization; today they are subject to globalization themselves.
3. Except for a few countries, there is sufficient exhibition venue capacity in most viable markets. In fact, overcapacity is common in many areas.
4. Venues and exhibition organizers compete for themes on a global level.
5. Export of exhibition brands into various regions of the world is common.
6. Consolidation is starting to take place.

Driving Forces

1. GDP and GDP growth rates combined with the development of purchasing power (i.e. production and sales market) are the driving forces for the Trade Fair business

2. Some other factors also count, but less than it is frequently thought :
   - first class infrastructure & transportation access
   - liberal investment climate & regulations for money transfers
   - customs and immigration,
   - first class service from the venue owner and organizer

Future Outlook

Development in the trade fair sector will continue to be strong and will be driven by general market conditions

- Asia will be "the winner", based on:
  - GDP growth up to +10% p.a.
  - strong purchasing power and excellent manufacturing / production resources
  - sufficient trade fair capacity (venues) in most areas

- Today's major challenges: oil prices, costs, environment and the customers (exhibitors and visitors)

UFI and IFES must continue to vigorously support the global Exhibition Industry; let us work closely together to strengthen it and proactively deal with our challenges.

Thank You!