

Global Exhibition Barometer

16th edition (January 2016)

A UFI report based on the results of a survey conducted in December 2015



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Introduction

Welcome to the 16th edition of the “UFI Global Exhibition Barometer” survey. This study is based on a global survey, conducted in December 2015. It represents up to date information on the development and the outlook of the global exhibition industry as well as on 12 specific countries and zones.

UFI began assessing the impact of the global economic conditions on the exhibition industry twice a year in 2009, based on perceptions of UFI members in 84 countries around the world. In 2010, this biannual survey became the “UFI Global Exhibition Barometer“. For the United States, this survey includes SISO Members (Society of Independent Show Organizers) and the scope of the Research has since been broadened to include members of AFIDA (Asociación Internacional de Ferias de América) in Central and South America and of EXSA (Exhibition and Events Association of Southern Africa) in South Africa. For the first time and in this 16th edition, members from AMPROFEC (Asociación Mexicana de Profesionales de Ferias y Exposiciones y Convenciones) and UBRAFE (União Brasileira dos Promotores Feiras) have also been invited to take part.

Important remark

It should be noted that the number of replies to the current survey (240 from 58 countries) provides representative results. However, the consolidated *regional* results may not reflect the situation of specific countries in that region. This is why a second set of results, specific to 12 *countries or zones* where a significant number of answers were obtained are included (see full list on the page 17).

Questions related to this survey should be addressed to Christian Druart at chris@ufi.org.

1. Gross Turnover development

The 16th Barometer surveyed the evolution of participants' gross turnover expectations for the second half of 2015 and the 2 halves of 2016 compared to their turnover during the same period the previous year (regardless of possible biennial effects).

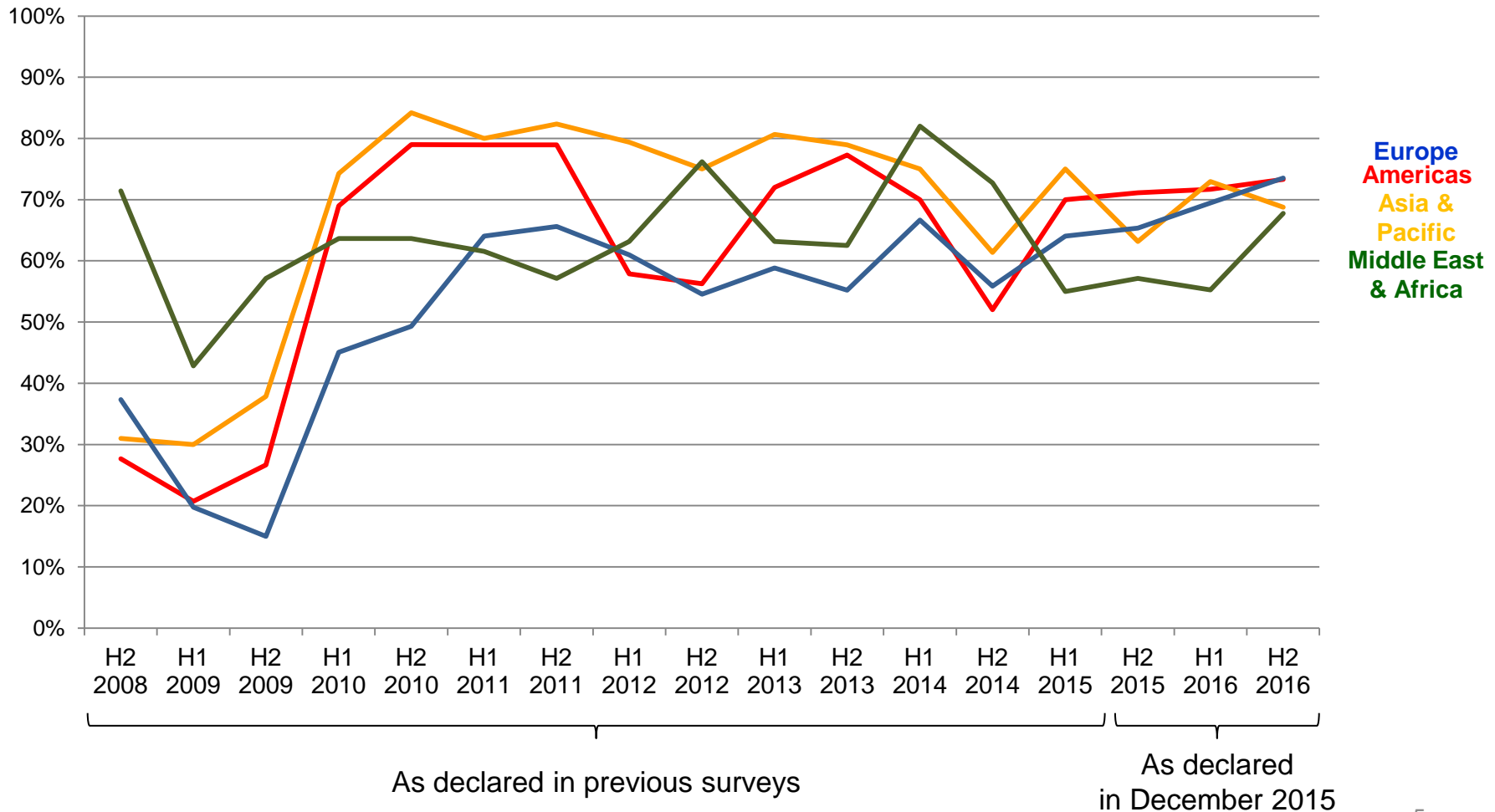
The chart on the next page presents the percentage of companies declaring an increase in their turnover. It combines these results with those of previous surveys since 2008. It does not take into account the “unknown” or “not applicable” answers – see footnote.

Regional survey results indicate that in all regions, an average of 6 to 7 companies out of 10 expect an increase in gross turnover for the second half of 2015 and 2016. When compared to the previous period, this appears to be an improvement for the Americas and Europe, a rather stable situation for Asia/Pacific, but a slight slowdown in Middle East and Africa. Detailed results by country/zone highlight contrasted situations:

- US and Mexico have stronger growth rates than Brazil (where an improvement is expected for the 2nd half of 2016) or other countries of Central and South America (where around half of companies for each period are expecting decreases in their turnover);
- Germany, Italy and other European countries have on average 7 to 8 companies out of 10 declaring increases. But the situation in Russia is different with more companies declaring decreases, at least until the second half of 2016;
- A certain level of uncertainty for 2016 in China, the Middle East or South Africa.

Footnote: The charts included in the second part of this report (“Detailed results for selected countries or zones”) detail these results, adding the percentage of companies declaring decreases in their turnover and the percentage of “unknown” answers.

% of companies declaring an increase in turnover when compared to their projections for the same period the year before (regardless of possible biennial effects)



2. Development of Operating Profits

The 16th Global Barometer survey questioned the evolution of operating profits for 2015 compared to the previous year.

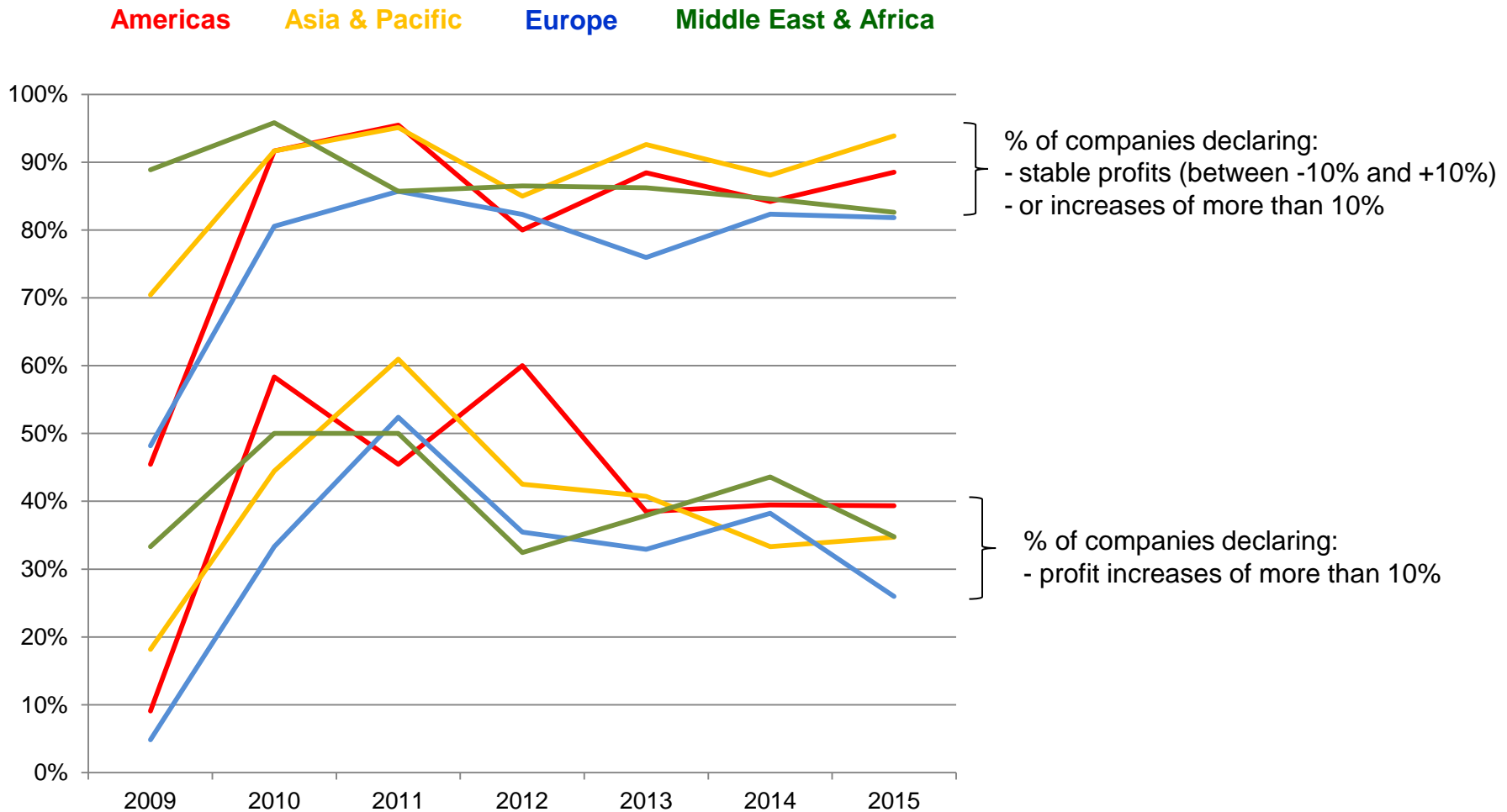
The chart presented in the page combines these results with those of previous surveys which tracks the development of operating profits since 2009. It highlights the results of companies declaring an increase of more than 10% and those declaring a more stable result (between -10% and +10%) – see footnote.

The results show that:

- Around 3 to 4 companies out of 10 declare an increase of more than 10% in annual profits for 2015; this is stable in comparison to the level registered for 2014 and 2013.
- These findings roughly apply to the major national markets where a large number of answers were received, except for the US and the Middle East, where better results are expected (with 53% of companies declaring an increase of more than 10% of their operating profits) and Brazil and Russia (where 25% and only 8% respectively are expecting such increases).

Footnote: The charts included in the second part of this report (“Detailed results for selected countries or zones”) detail these results, adding the percentage of companies with reductions in profits or losses.

Operating profits compared to the previous year



3. Most important business issues

Companies were asked to identify the three most important issues for their business in the coming year from a pre-defined list of seven issues. Multiples choices were proposed to get an insight for some answers.

As in previous surveys, around 80% of all answers relate to the following 4 issues:

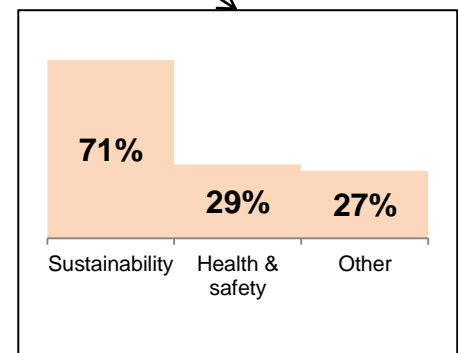
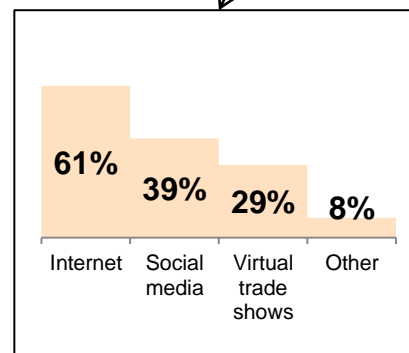
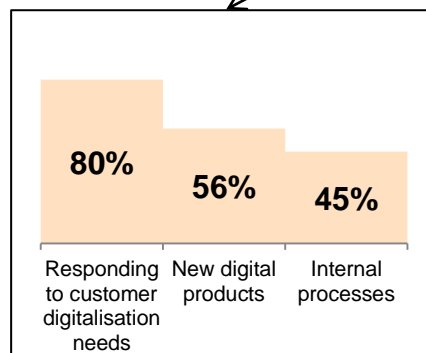
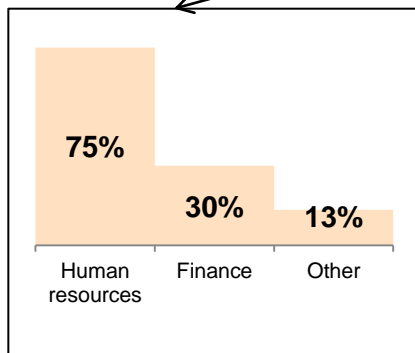
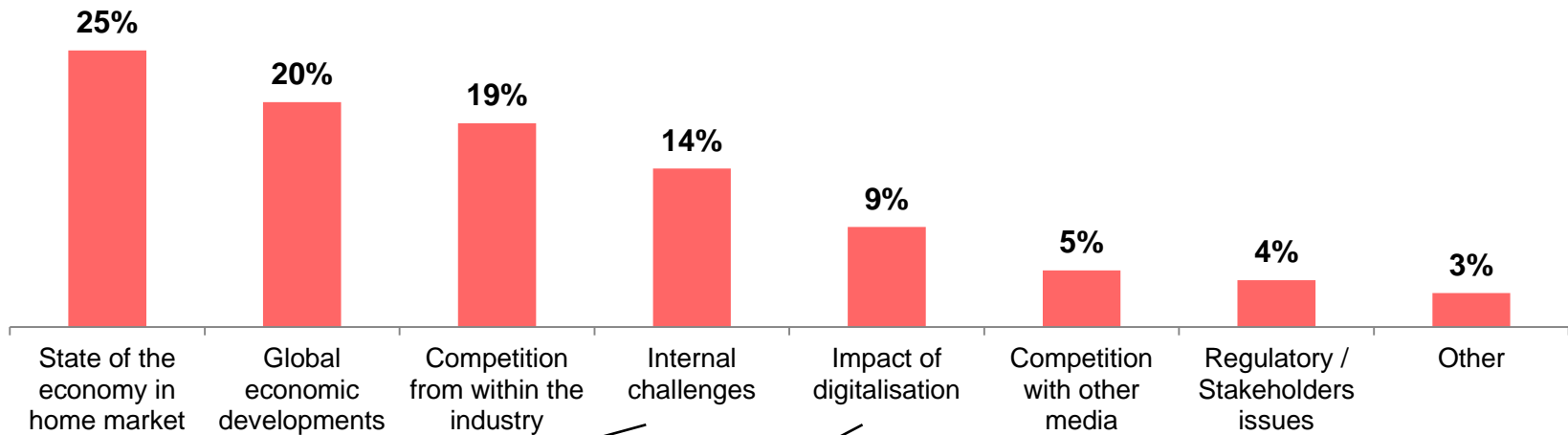
- “State of the economy in home market” (25% in the current survey)
- “Global economic developments” (20% in the current survey)
- “Competition from within the industry” (19% in the current survey)
- “Internal challenges” (14% in the current survey), where “Human Resources” are named as the most important aspect.

“Impact of digitalisation” (“Responding to customer digitalization needs”, “New digital products” or “Internal processes”), “Competition with other media” (“Internet”, “Social media”, “Virtual trade shows” or “Other”) and “Regulatory / Stakeholders issues” (“Sustainability”, “Health & safety” or “Other”) appear as less important issues in the coming year.

The next slide shows the consolidated global results, including the insights, where asked.

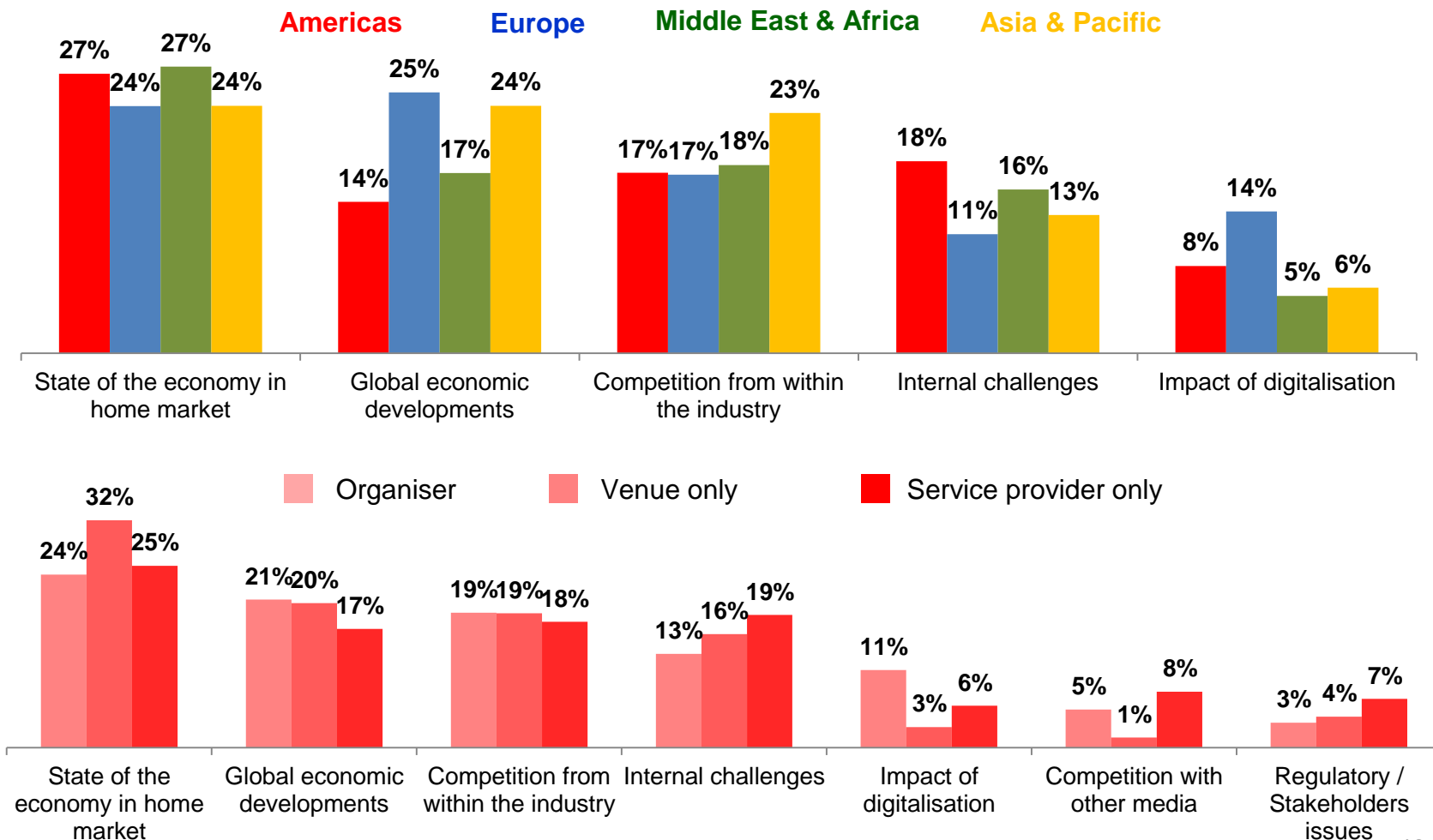
The following slides details those results by region and by type of activity (for 3 main segments: “Organiser”, “Venue only” and “Service provider only”). Results show that there are no significant differences based on these criteria, except for the “Regulatory / Stakeholders issues” where “Health & Safety” appears more important to “Service Providers” and “Venues”, than “Organisers”.

Top issues: global results



(multiple answers possible)

Most important issues: detail by region and type of activity for the five top issues identified globally



4. Priorities in terms of strategy

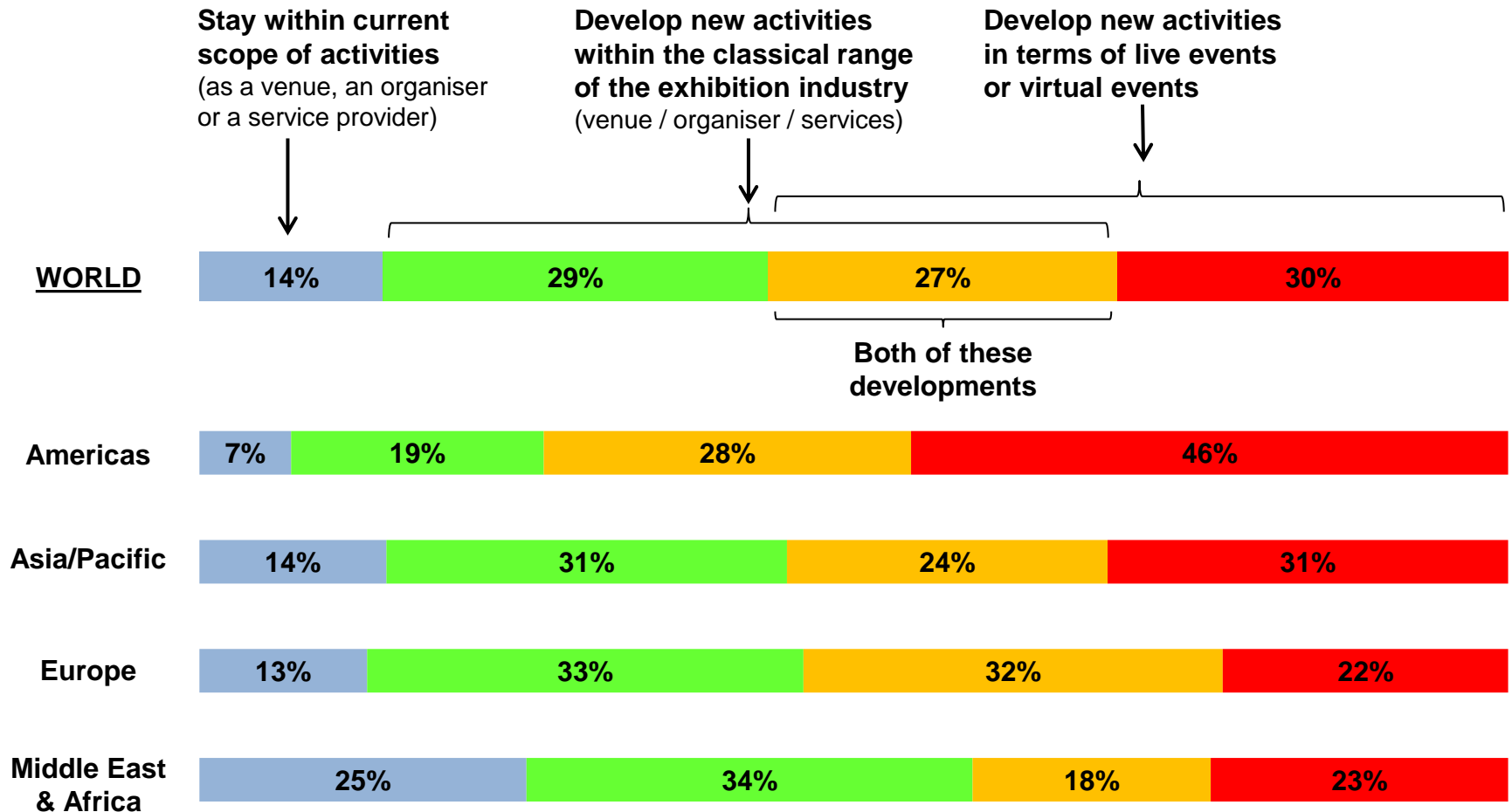
Companies were asked to share their current priorities in terms of strategy in two specific areas: their range of activities and their geographical exposure.

In all regions, a large majority of companies intend to develop new activities, in either the classic range of exhibition industry activities (venue/organiser/services), other live events or virtual events, or in both: 75% in the Middle East & Africa, 86% in Asia/Pacific, 87% in Europe and 93% in the Americas.

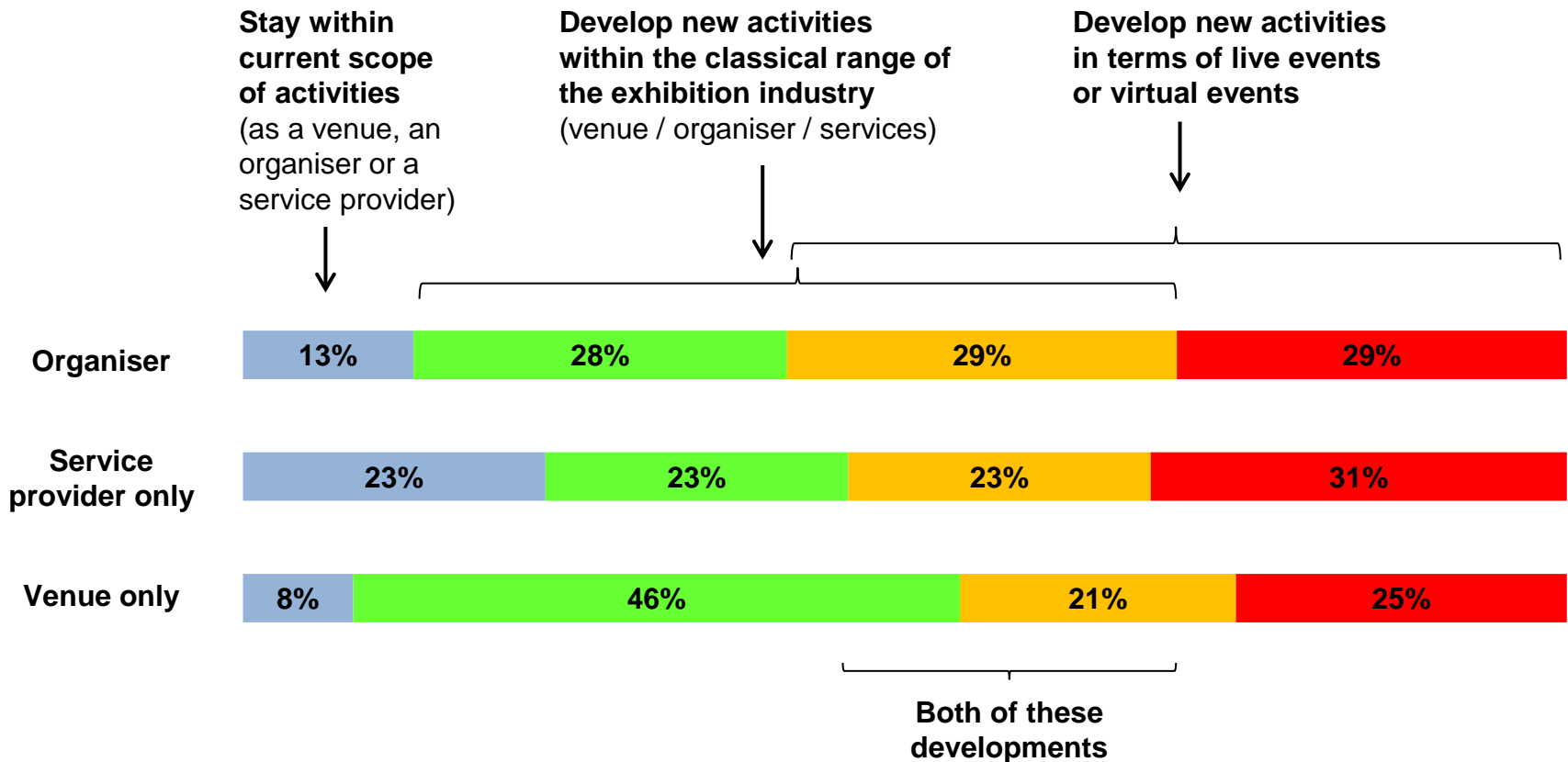
In terms of geographical expansion, only one to two companies out of 10 on average in all regions declare an intention to develop operations in new countries.

These results are also detailed in the following pages for the main segments of “activity type” (“Organiser”, “Venue only” and “Service Provider only”).

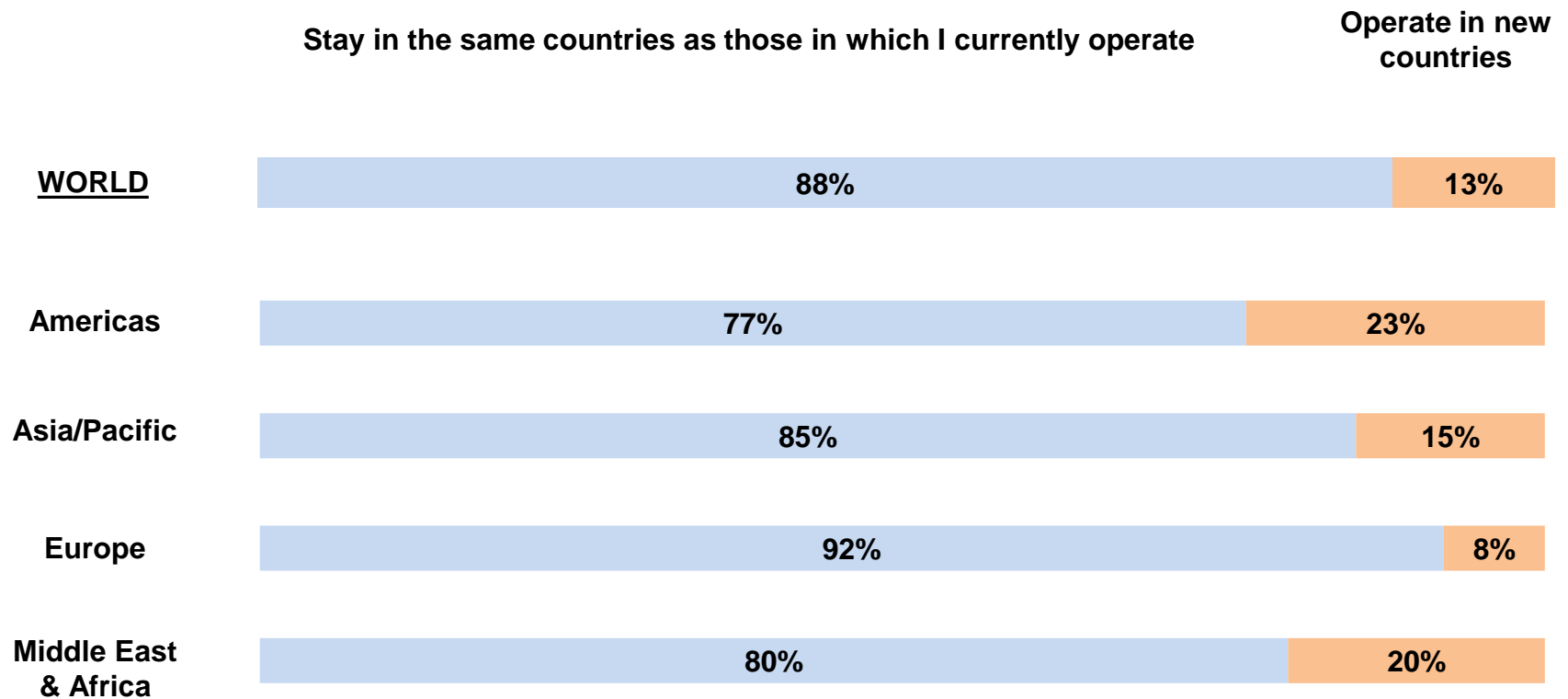
Current strategic priorities related to the range of activities : results by geographical zone



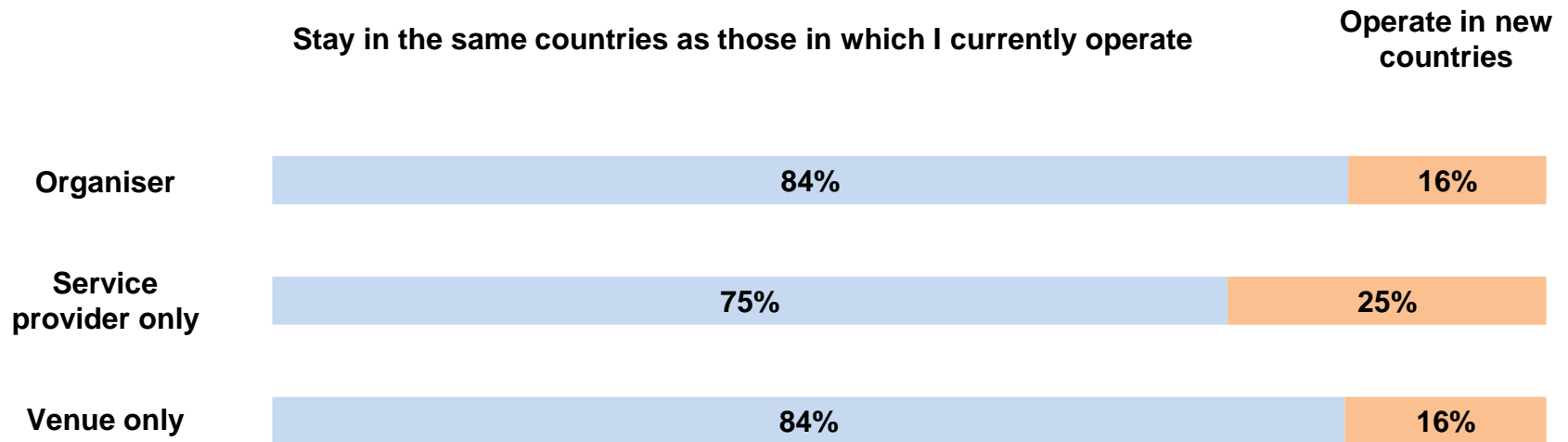
Current strategic priorities related to the range of activities: results by type of activity



Current strategic priorities related to geographic exposure: results by geographical zone



Current strategic priorities related to geographic exposure: results by type of activity

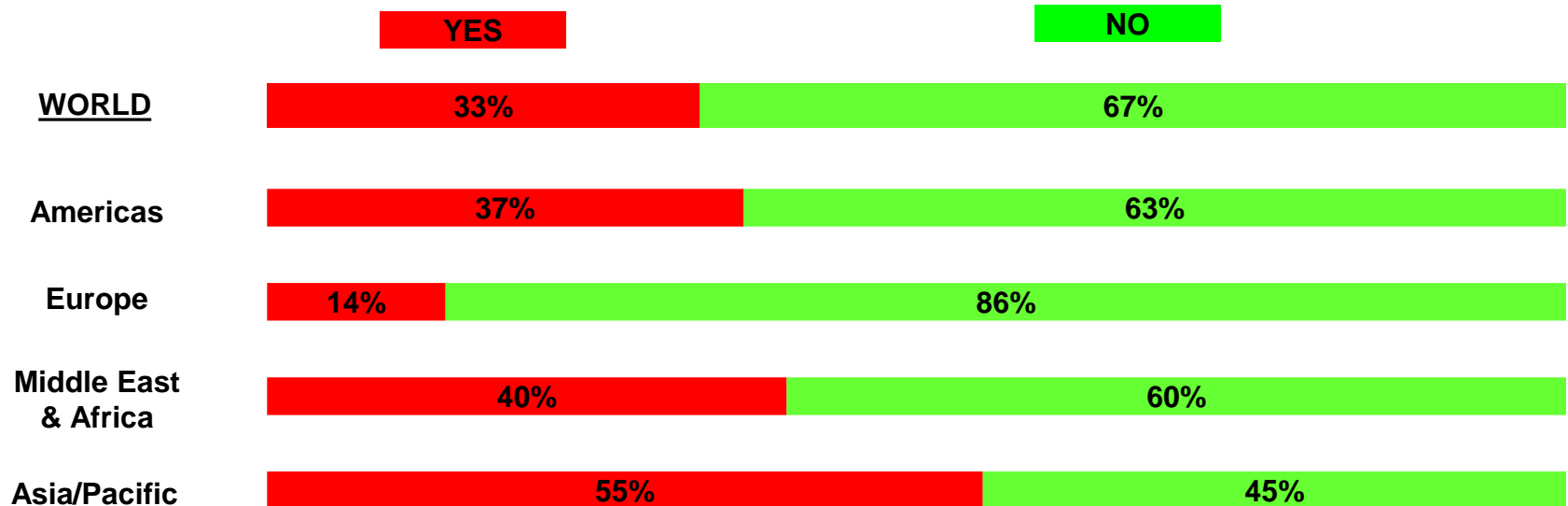


5. Millennials as staff and HR acquisition costs

This question relates to the fact that many companies are finding that younger members of staff are less loyal to employers, which may lead to higher Human Resources acquisition costs.

The survey results show that this issue does indeed exist globally with every third company globally reporting higher acquisition costs, but to different levels in different regions. It was sometimes mentioned that staff turnover was relatively low due to the general lack of job opportunities in that specific region. It should also be noted that some of those who declared that it was not an issue added that it was likely to become one. Others respondents also said that this issue exists, but was financially compensated by the fact that younger staff were replacing most senior staff, leading to lower HR costs all together.

Have your HR acquisition costs been impacted by increasing turnover among young staff?



Part 2: Detailed results for 12 selected countries or zones

North America:

US
Mexico

Central and South America:

Brazil
Other countries in Central & South America

Europe:

Germany
Italy
Russia
Other countries in Europe

Africa:

South Africa

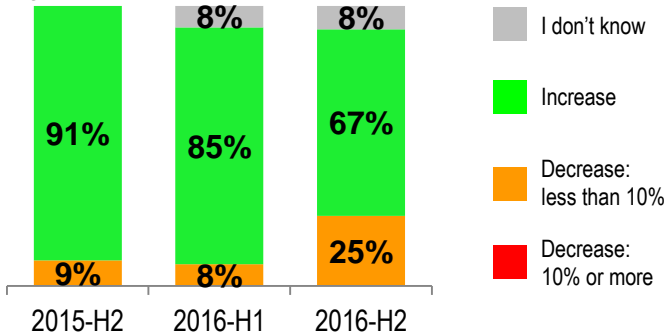
Middle East

Asia/Pacific:

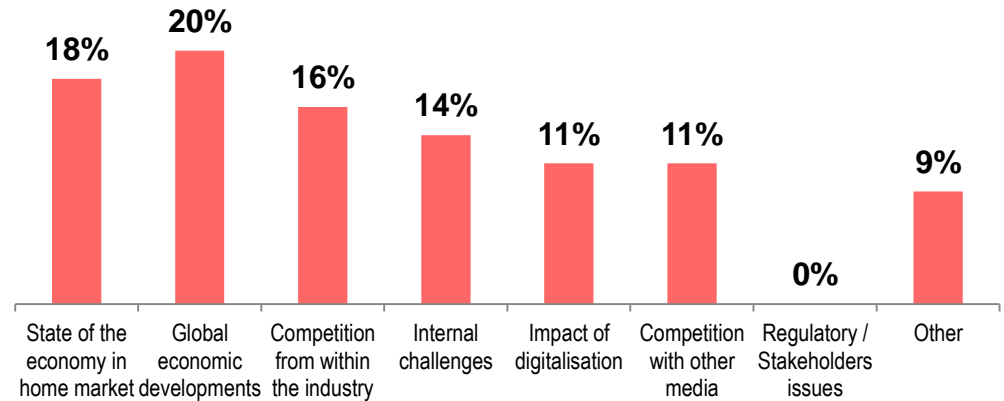
China
Other countries in Asia/Pacific

Detailed results for United States (15 answers)

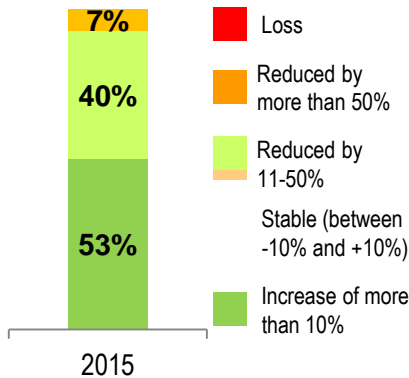
How do you expect your turnover to change when compared to the same period the previous year?



Top issues



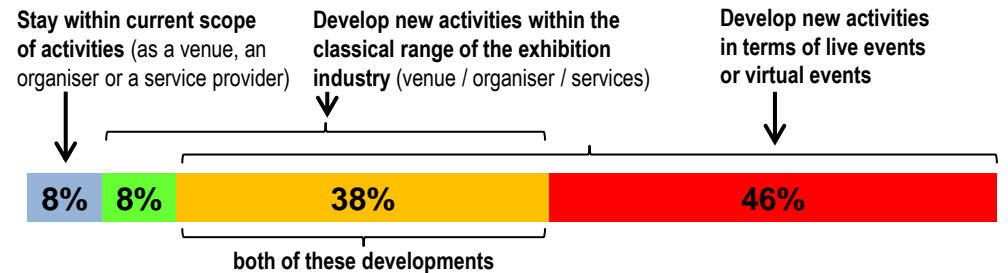
Operating profits compared to the previous year



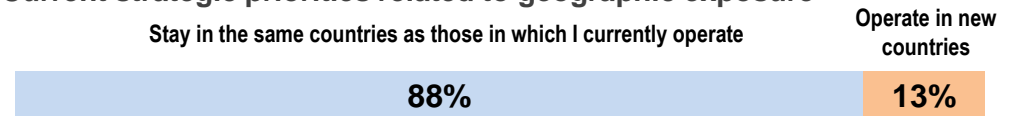
Have your HR acquisition costs been impacted by increasing turnover among young staff?

YES (29%)
NO (71%)

Current strategic priorities related to the range of activities

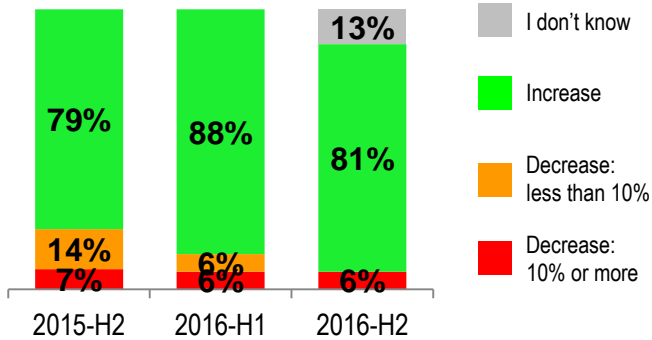


Current strategic priorities related to geographic exposure

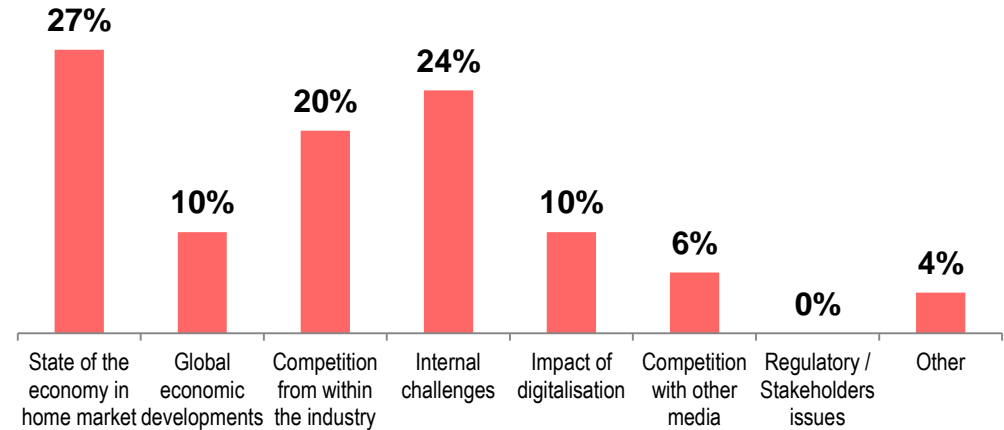


Detailed results for MEXICO (17 answers)

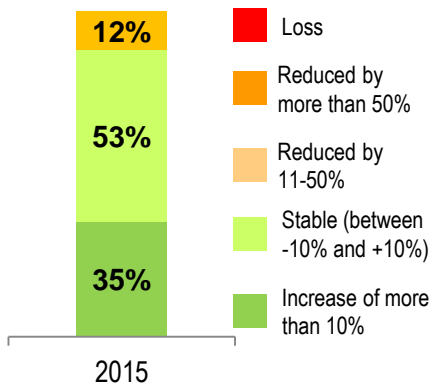
How do you expect your turnover to change when compared to the same period the previous year?



Top issues



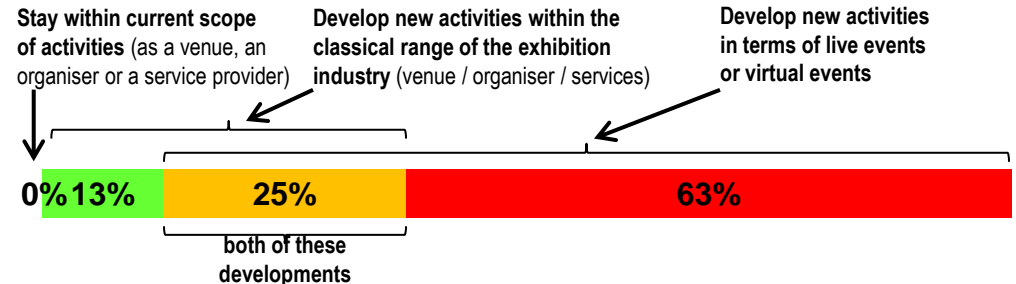
Operating profits compared to the previous year



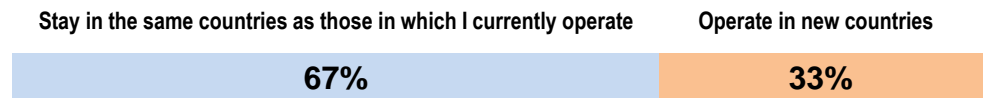
Have your HR acquisition costs been impacted by increasing turnover among young staff?

YES (41%)
NO (59%)

Current strategic priorities related to the range of activities

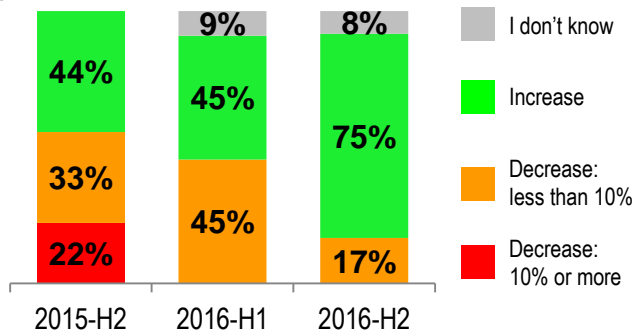


Current strategic priorities related to geographic exposure

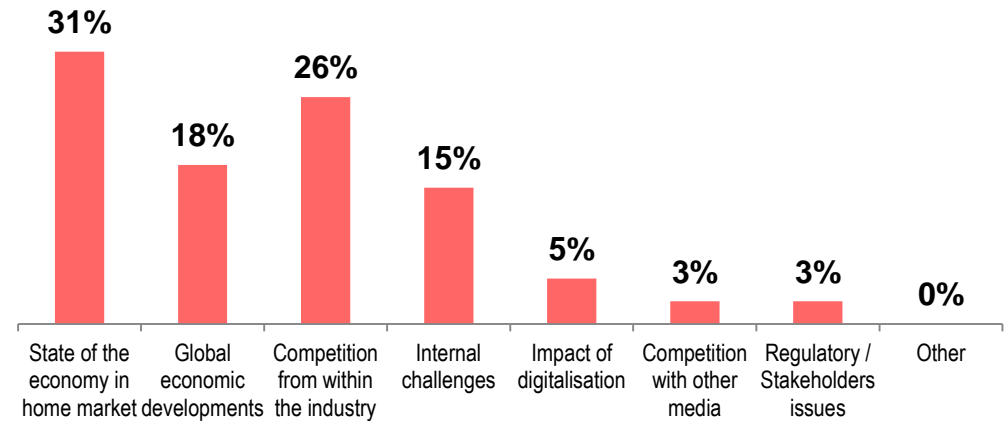


Detailed results for BRAZIL (13 answers)

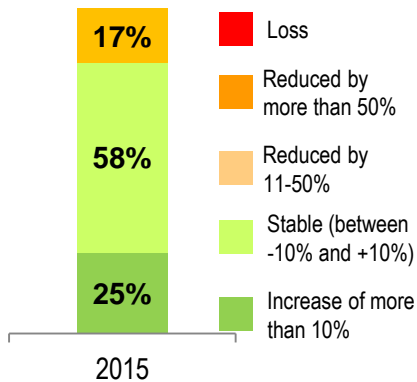
How do you expect your turnover to change when compared to the same period the previous year?



Top issues



Operating profits compared to the previous year

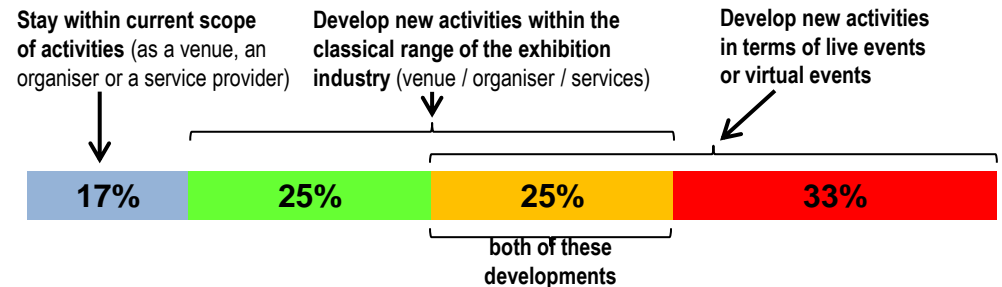


Have your HR acquisition costs been impacted by increasing turnover among young staff?

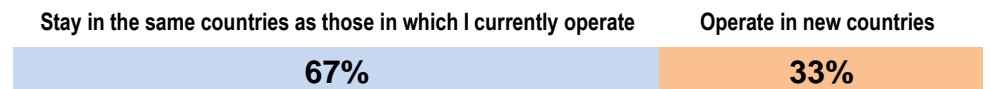
YES (31%)

NO (69%)

Current strategic priorities related to the range of activities

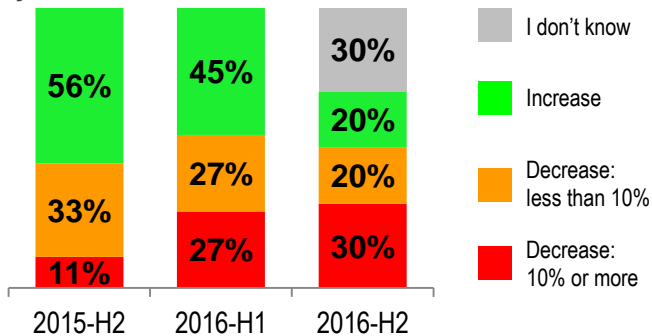


Current strategic priorities related to geographic exposure

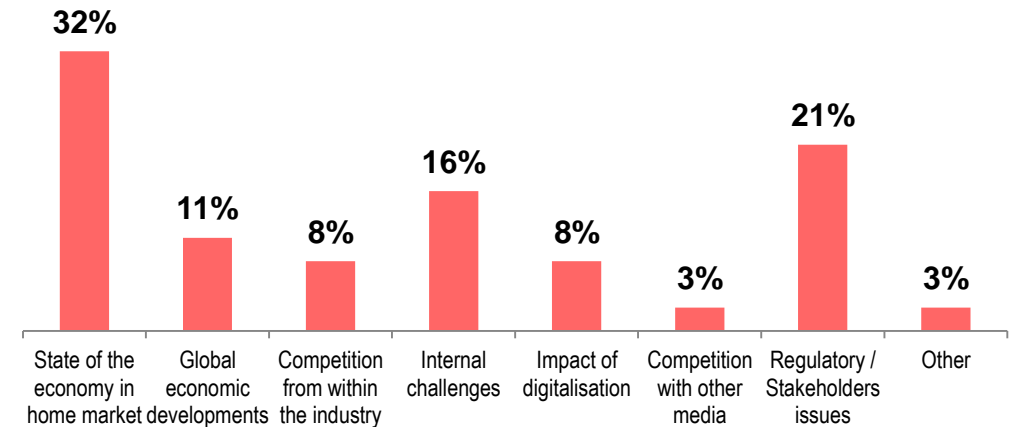


Detailed results for the other countries in Central and South America (14 answers)

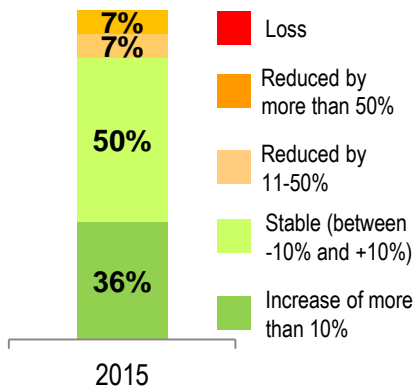
How do you expect your turnover to change when compared to the same period the previous year?



Top issues



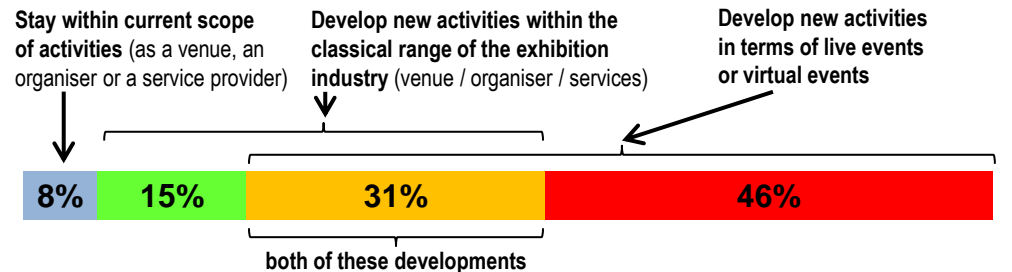
Operating profits compared to the previous year



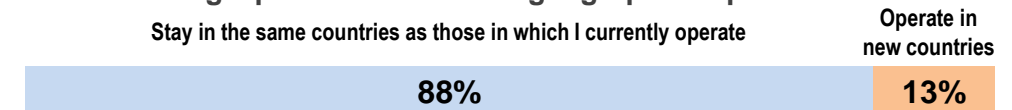
Have your HR acquisition costs been impacted by increasing turnover among young staff?

YES (46%)
NO (54%)

Current strategic priorities related to the range of activities

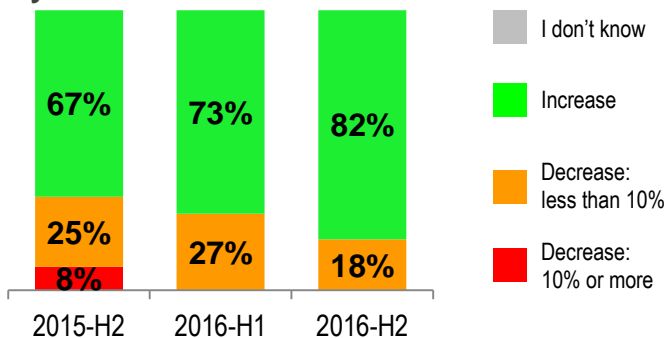


Current strategic priorities related to geographic exposure

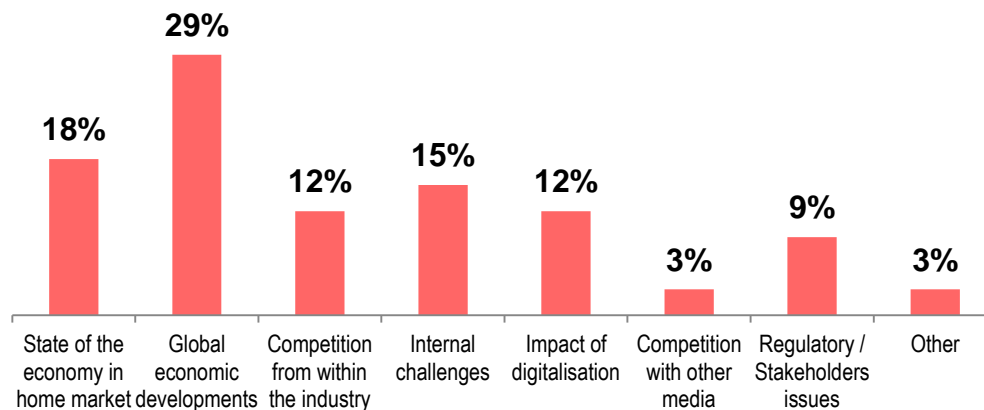


Detailed results for GERMANY (12 answers)

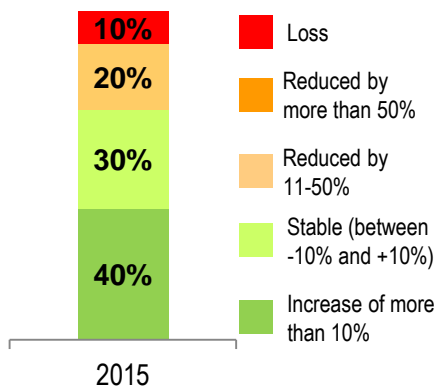
How do you expect your turnover to change when compared to the same period the previous year?



Top issues



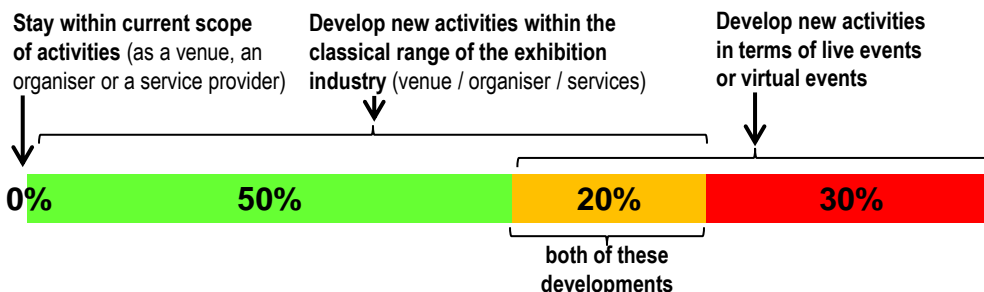
Operating profits compared to the previous year



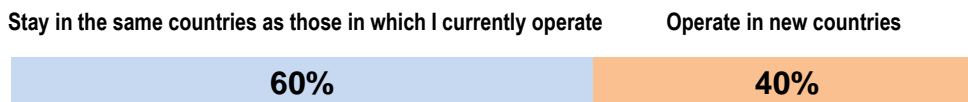
Have your HR acquisition costs been impacted by increasing turnover among young staff?

YES (17%)
NO (83%)

Current strategic priorities related to the range of activities

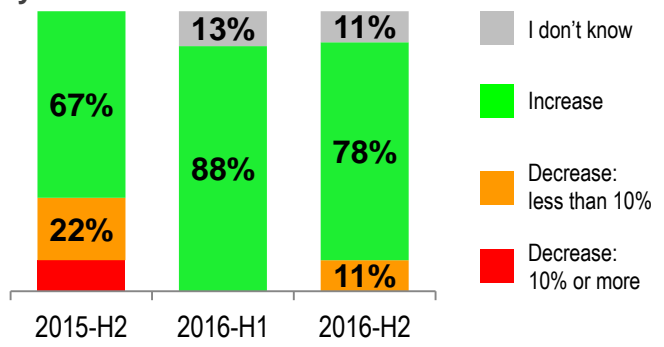


Current strategic priorities related to geographic exposure

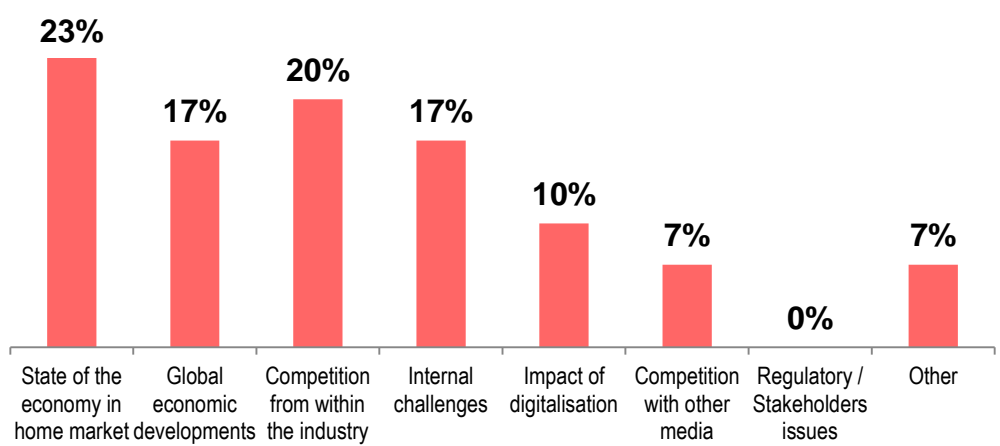


Detailed results for ITALY (10 answers)

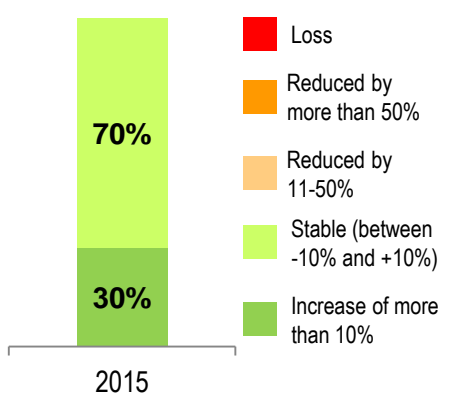
How do you expect your turnover to change when compared to the same period the previous year?



Top issues

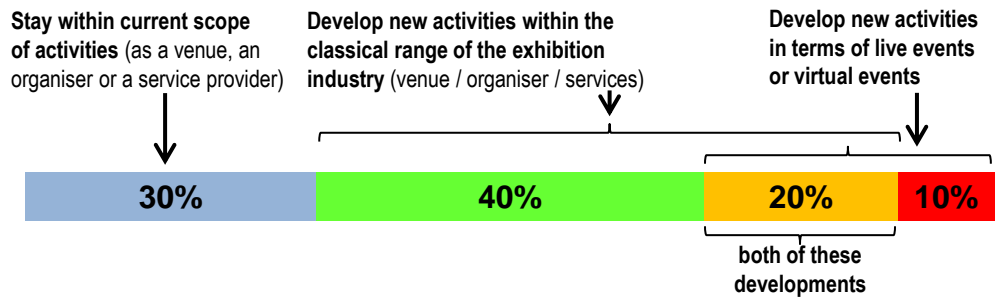


Operating profits compared to the previous year

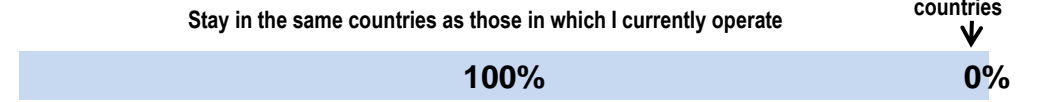


Have your HR acquisition costs been impacted by increasing turnover among young staff?
NO (100%)

Current strategic priorities related to the range of activities

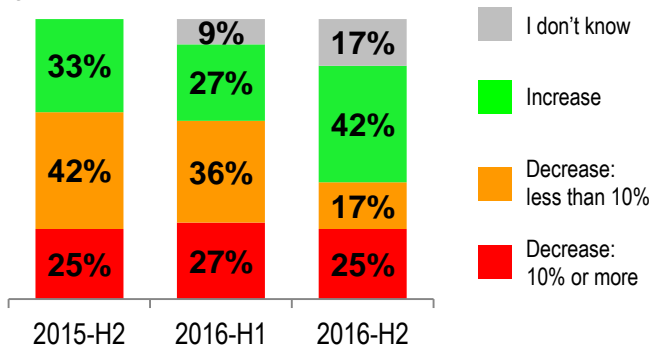


Current strategic priorities related to geographic exposure

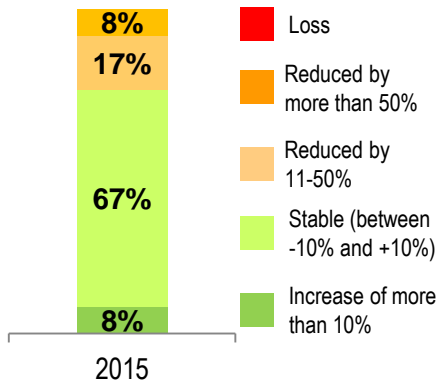


Detailed results for RUSSIA (13 answers)

How do you expect your turnover to change when compared to the same period the previous year?



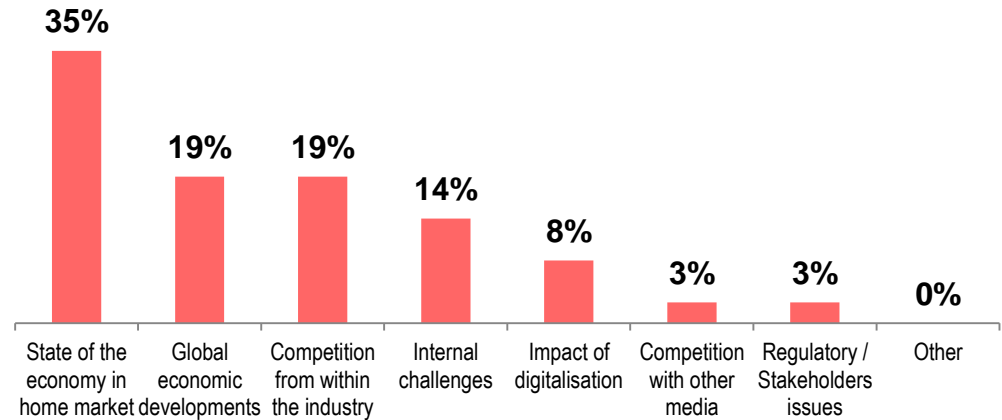
Operating profits compared to the previous year



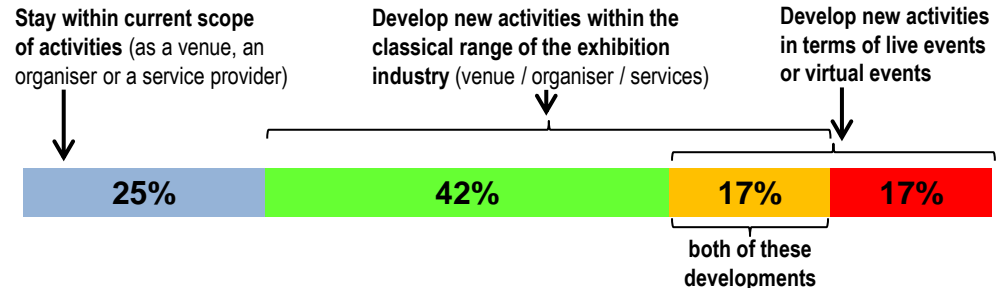
Have your HR acquisition costs been impacted by increasing turnover among young staff?

YES (17%)
NO (83%)

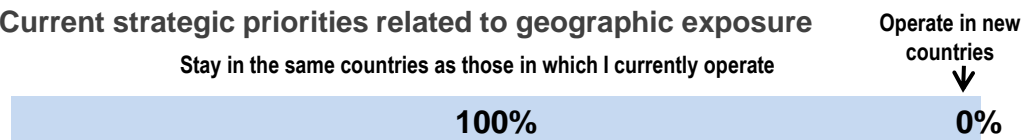
Top issues



Current strategic priorities related to the range of activities

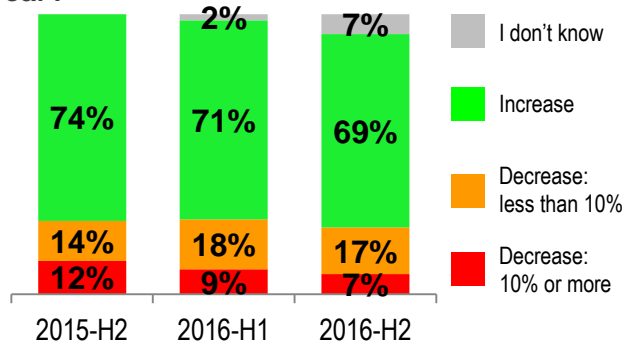


Current strategic priorities related to geographic exposure

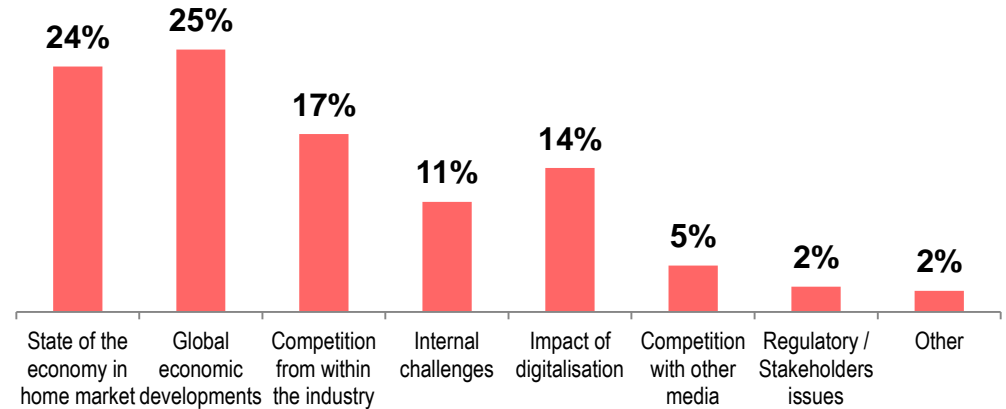


Detailed results for the other countries in Europe (46 answers)

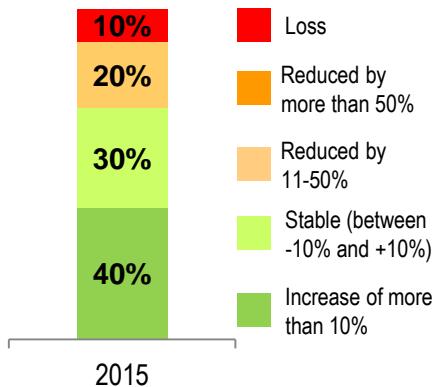
How do you expect your turnover to change when compared to the same period the previous year?



Top issues



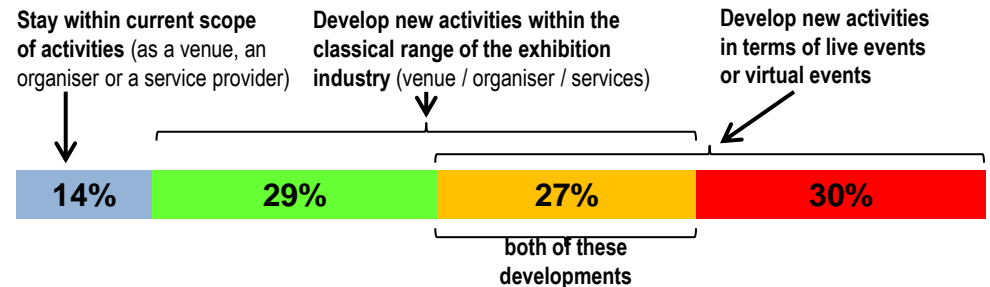
Operating profits compared to the previous year



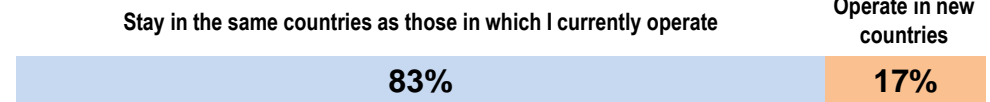
Have your HR acquisition costs been impacted by increasing turnover among young staff?

YES (17%)
NO (83%)

Current strategic priorities related to the range of activities

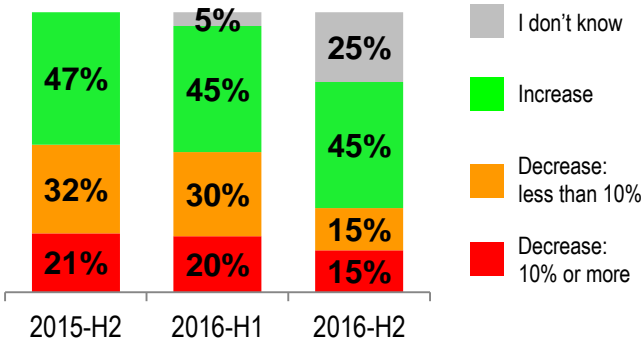


Current strategic priorities related to geographic exposure

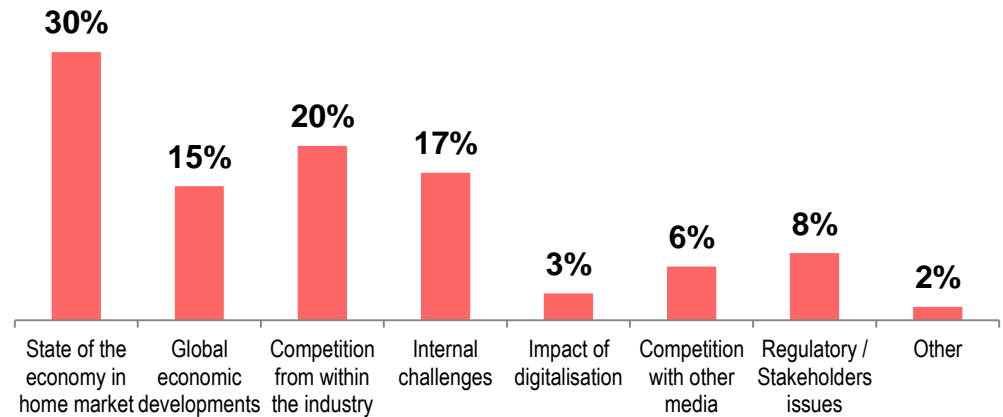


Detailed results for SOUTH AFRICA (24 answers)

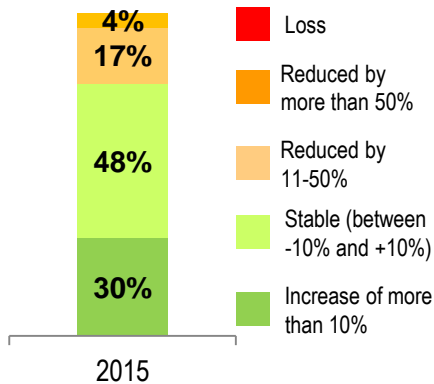
How do you expect your turnover to change when compared to the same period the previous year?



Top issues



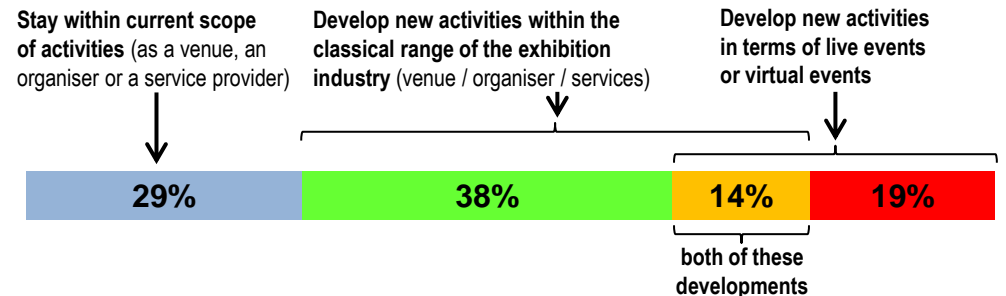
Operating profits compared to the previous year



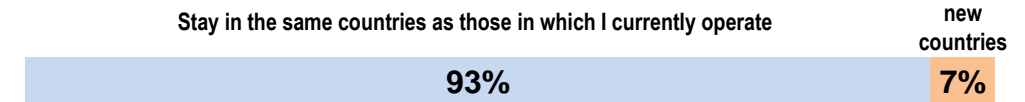
Have your HR acquisition costs been impacted by increasing turnover among young staff?

YES (36%)
NO (64%)

Current strategic priorities related to the range of activities

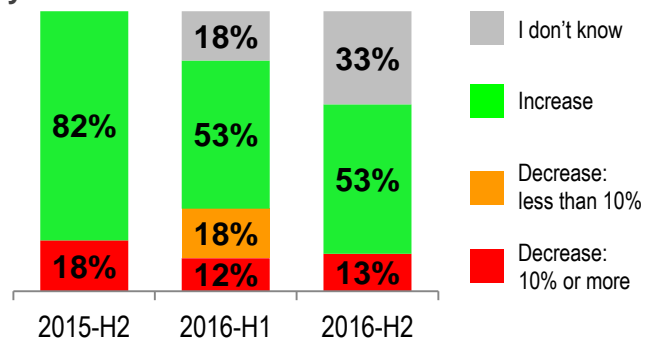


Current strategic priorities related to geographic exposure

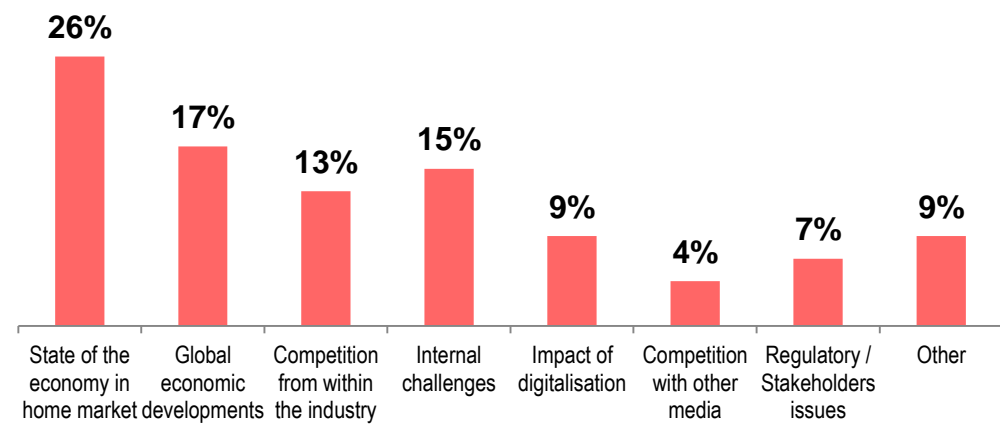


Detailed results for the MIDDLE EAST (17 answers)

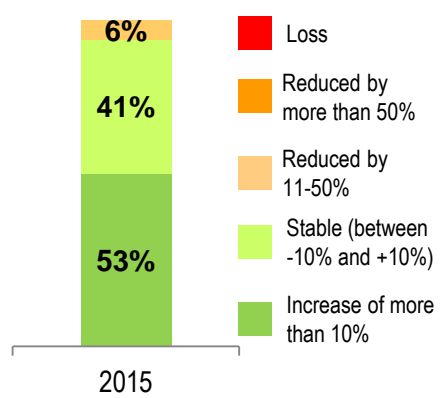
How do you expect your turnover to change when compared to the same period the previous year?



Top issues



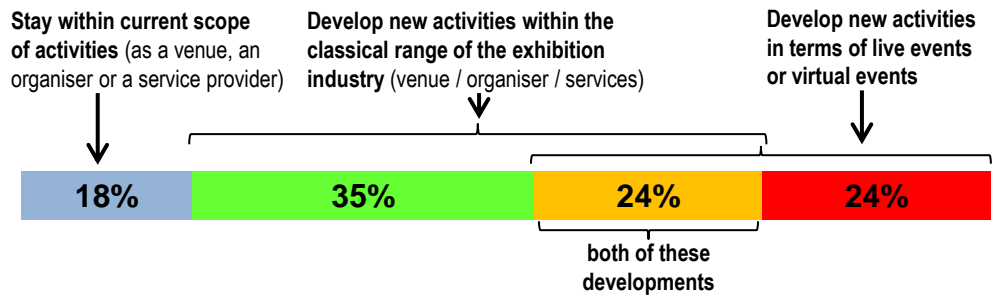
Operating profits compared to the previous year



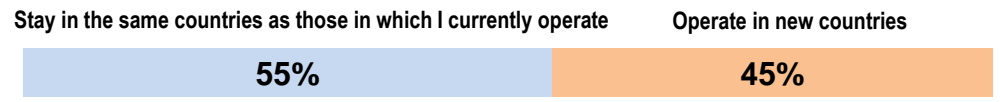
Have your HR acquisition costs been impacted by increasing turnover among young staff?

YES (53%)
NO (47%)

Current strategic priorities related to the range of activities

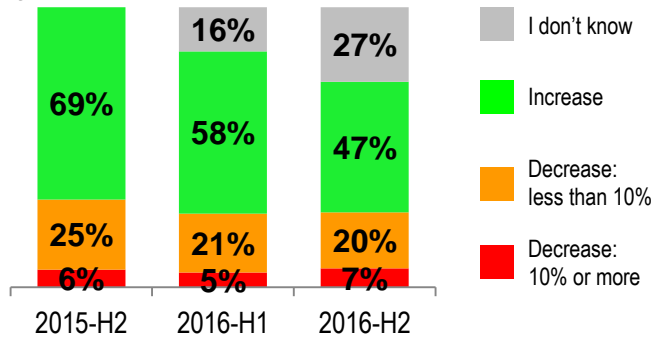


Current strategic priorities related to geographic exposure

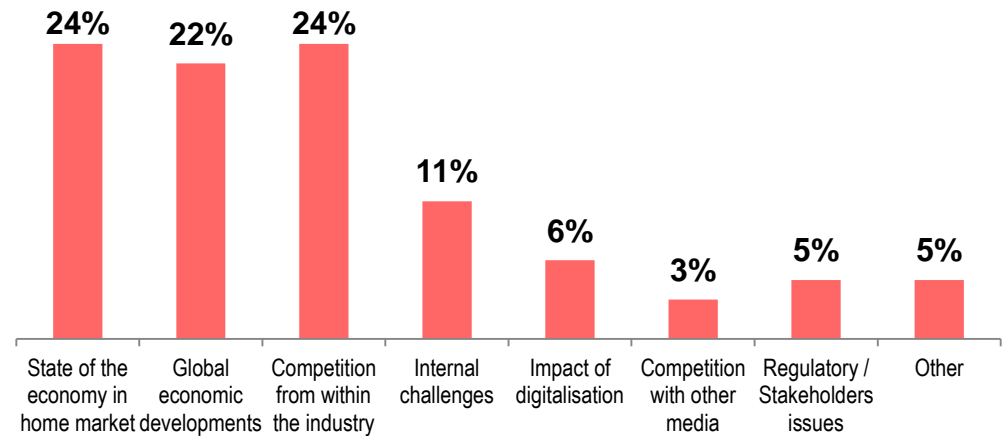


Detailed results for CHINA (22 answers)

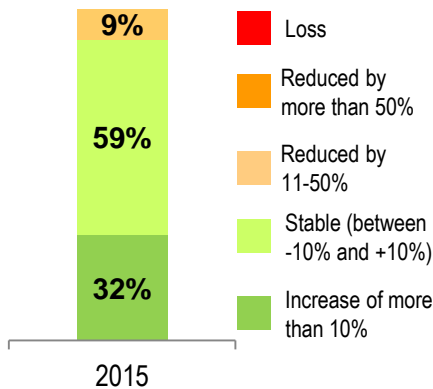
How do you expect your turnover to change when compared to the same period the previous year?



Top issues



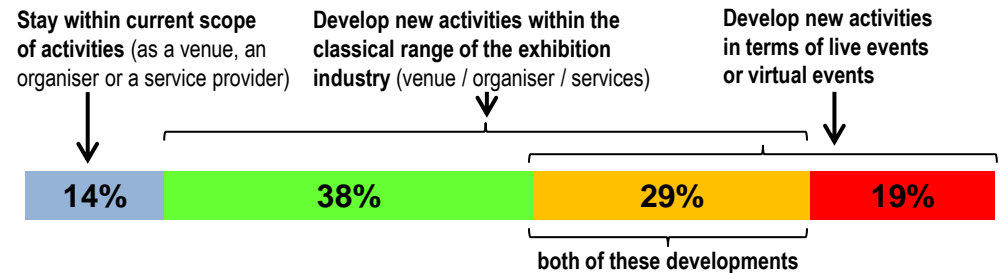
Operating profits compared to the previous year



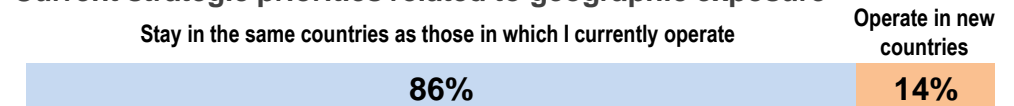
Have your HR acquisition costs been impacted by increasing turnover among young staff?

YES (52%)
NO (48%)

Current strategic priorities related to the range of activities

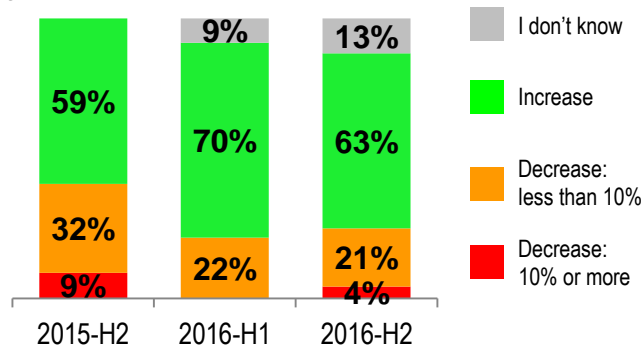


Current strategic priorities related to geographic exposure

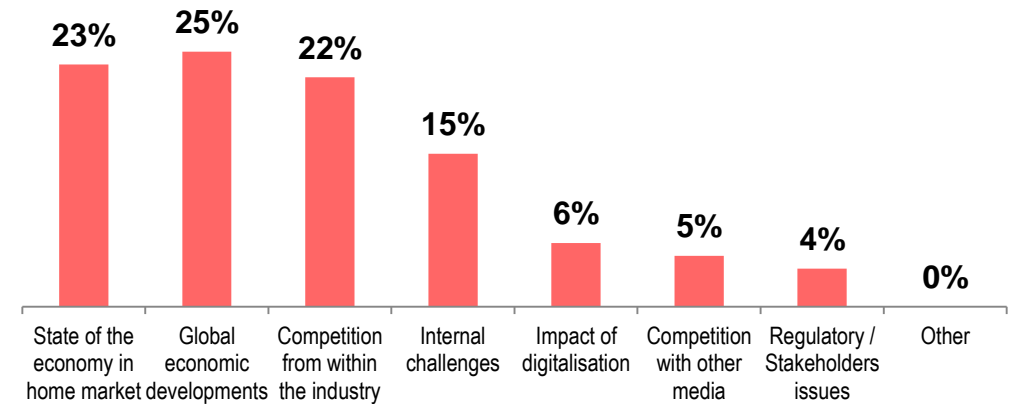


Detailed results for the other countries in Asia/Pacific (28 answers)

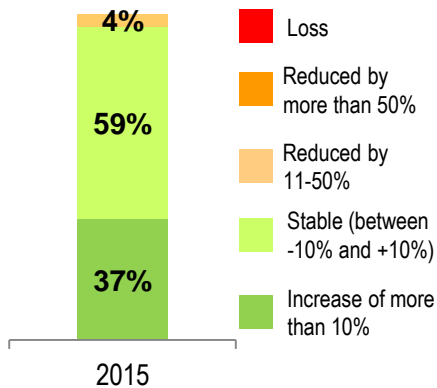
How do you expect your turnover to change when compared to the same period the previous year?



Top issues



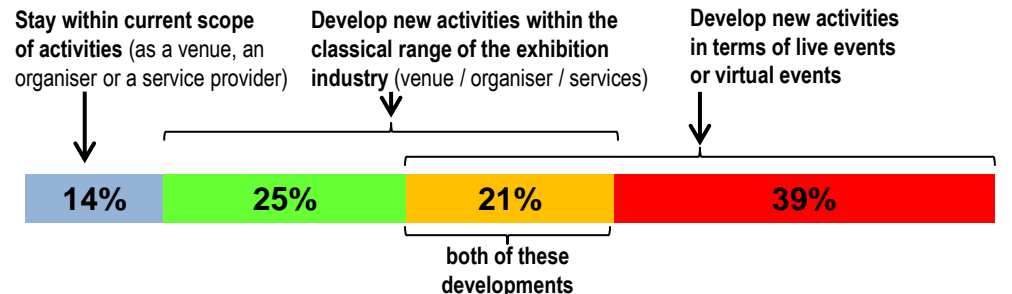
Operating profits compared to the previous year



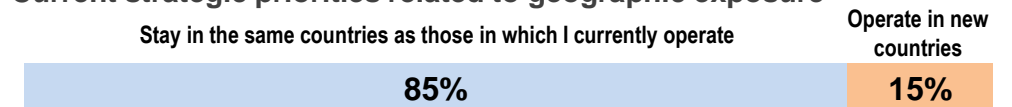
Have your HR acquisition costs been impacted by increasing turnover among young staff?

YES (61%)
NO (39%)

Current strategic priorities related to the range of activities



Current strategic priorities related to geographic exposure



Conclusion

The Global Barometer survey has been measuring the pulse of the exhibition industry since the end of 2008. The 16th survey, conducted in December 2015, was answered by 240 companies from 58 countries. In the new format of this report, the results are detailed for 12 geographical zones, including 8 major national markets.

Overall, the results indicate positive turnover expectations in 2016 for a large majority of companies in North America and Europe, with the exception of Russia. In Asia/Pacific, Middle East and Africa the situations remains generally positive, but with a certain level of uncertainty. In Central and South America, half of companies are expecting decreases of turnover, but an improvement is expected in Brazil for the second half of 2016.

In terms of operating profits, around 3 to 4 companies out of 10 on average, have declared an increase of more than 10% in their annual profits for 2015; US and the Middle East outperform these results. Lower levels are identified in Brazil and Russia.

The most important business issues remain related to the general economic situation with the state of the economy in home market and global economic development uncertainty consistently selected as among the three most important business issues for the last five years, together with competition from within the industry and internal challenges. The impact of digitalisation comes fifth globally, and fourth in Europe.

In terms of strategy, a large majority of companies intend to develop new activities, in either the classic range of exhibition industry activities (venue/organiser/services), other live events or virtual events, or in both: 75% in the Middle East & Africa, 86% in Asia/Pacific, 87% in Europe and 93% in the Americas. In terms of geographical expansion, only one to two companies out of 10 on average in all regions, declare an intention to develop operations in new countries.

Regarding higher HR acquisition costs due to increasing turnover among young staff, the survey results show that this issue does exist globally with every third company stating an increase. However, associated comments tend to indicate that this is also an issue which is set to increase.

THE NEXT GLOBAL BAROMETER SURVEY WILL BE RUN IN JUNE 2016 – PLEASE PARTICIPATE!

Appendix: Number of survey replies per country

Total = 240 (in 58 countries)

| <u>North America</u> | 35 | <u>Europe</u> | 81 | <u>Africa</u> | 30 | <u>Asia & Pacific</u> | 50 |
|------------------------------------|-----------|--------------------|-----------|----------------------|-----------|---------------------------|-----------|
| Canada | 2 | Austria | 1 | Algeria | 1 | Australia | 2 |
| Mexico | 17 | Belgium | 4 | Egypt | 1 | China | 22 |
| US | 15 | Bulgaria | 1 | Libya | 1 | India | 3 |
| (*) | 1 | Czech Republic | 1 | Mozambique | 1 | Indonesia | 1 |
| | | France | 2 | South Africa | 24 | Japan | 3 |
| | | Georgia | 1 | Sudan | 1 | Malaysia | 2 |
| | | Germany | 12 | (*) | 1 | New Zealand | 2 |
| <u>Central & South America</u> | 27 | Greece | 2 | <u>Middle East</u> | 17 | Pakistan | 2 |
| Argentina | 2 | Hungary | 1 | Bahrain | 1 | Singapore | 8 |
| Bolivia | 1 | Italy | 10 | Egypt | 1 | South Korea | 3 |
| Brazil | 13 | Luxembourg | 1 | Iran | 2 | (*) | 2 |
| Chile | 1 | Netherlands | 4 | Iraq | 1 | | |
| Colombia | 4 | Romania | 1 | Jordan | 2 | | |
| Cuba | 1 | Russian federation | 13 | Lebanon | 2 | | |
| Ecuador | 3 | Serbia | 1 | Oman | 1 | | |
| Venezuela | 1 | Slovenia | 2 | Saudi Arabia | 3 | | |
| (*) | 1 | Spain | 2 | United Arab Emirates | 2 | | |
| | | Sweden | 3 | (*) | 2 | | |
| | | Switzerland | 2 | | | | |
| | | Turkey | 5 | | | | |
| | | Ukraine | 1 | | | | |
| | | United Kingdom | 9 | | | | |
| | | (*) | 2 | | | | |

(*) several countries
(regional answer)

Headquarters

17, rue Louise Michel
F-92300 Levallois-Perret France
Tel: (33) 1 46 39 75 00
Fax: (33) 1 46 39 75 01
E-mail: info@ufi.org

Asia/Pacific Office

Suite 4114, Hong Kong Plaza
188 Connaught Road West
Hong Kong, China
Tel: (852) 2525 6129
Fax: (852) 2525 6171
E-mail: asia@ufi.org

Middle East/Africa Office

Expo Centre
Sharjah, UAE
Tel / Fax: (971) 6 599 1352
E-mail: mea@ufi.org

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