Economic Crisis Barometer

Consolidated results of the first 3 quarterly

Global Economic Crisis Barometer

surveys of the Exhibition Industry

conducted among

UFI *, SISO ** & AFIDA *** Members

(*) World (**) USA (***) Central & South America

REPORT

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Introduction

Economic Crisis Barometer

The impact of the current economic downturn on the exhibition business is of key interest to all.

At the beginning of 2009, UFI decided to assess the impact of the situation by developing a “Crisis Barometer” based on the perceptions of our **UFI** members in 83 countries and including for the USA, an identical survey conducted by **SISO** (Society of Independent Show Organizers) and for Central & South America by **AFIDA** (Asociacion International de Ferias de America) of their respective members. The results of this quarterly survey were published in February 2009 and again in May 2009.

The current document presents the results of the third survey, conducted in July 2009. It also includes trends drawing on the results of the previous surveys wherever possible.

Finally, it should be noted that the number of replies to this survey (179, from 53 countries) provides representative results. It should be pointed out, however, that the rather low number of answers from the “Middle East/Africa” Region (between 9 and 14 depending on the surveys) makes the results for this specific region less robust than the other regions.

For questions related to this survey, please contact Christian Druart (research@ufi.org).

1.1 Decrease in Gross Turnover

- The % of survey participants who experienced a **decrease in Gross Turnover** grew from **66% for the activity "prior to 2008",** to **76% for the "first half of 2009",** and **83% when anticipating the "second half of 2009".** The decrease in Gross Turnover anticipated for the second half of 2009 "is 10% or more" for 50% of survey participants, compared to between 37% and 39% for the previous periods.

  These tendencies are stronger in the Americas and in Europe than in the Asia/Pacific region. The latter appears to have been hit to a higher degree than the other regions at the end of 2008.

- **A "bottom-out" is anticipated by some companies**: 45% of survey participants declare that their Gross Turnover for the "first half of 2010" will not decrease as compared to the first half of 2009, where only 24% of the survey participants were in a stable or positive trend.

  For the remaining 55%, another decrease is anticipated. This phenomenon is stronger in Europe where 71% of survey participants expect a decrease during the first half of 2010 (36% in the Americas, 40% in Asia/Pacific and 50% in Middle East/Africa).

ALL REGIONS (1st & 3rd surveys)

Economic Crisis Barometer

REAL

prior to 31 Dec. 2008 (as declared in Jan./Feb.09)

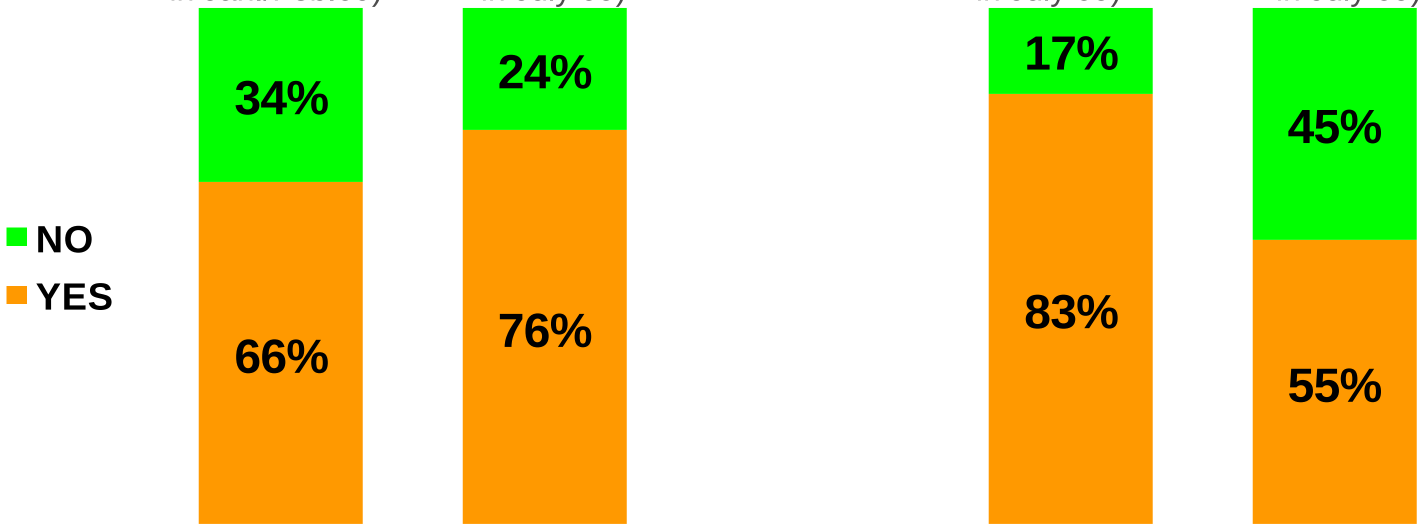
in the first half of 2009 (*) (as declared in July 09)

FORECAST

in the second half of 2009 (*) (as declared in July 09)

in the first half of 2010 (*) (as declared in July 09)

(*) when compared to the same period the year before



% of the total number of survey participants who indicated a decrease (real/forecast) **of 10% or more**

AMERICAS (1st & 3rd surveys)

Economic Crisis Barometer

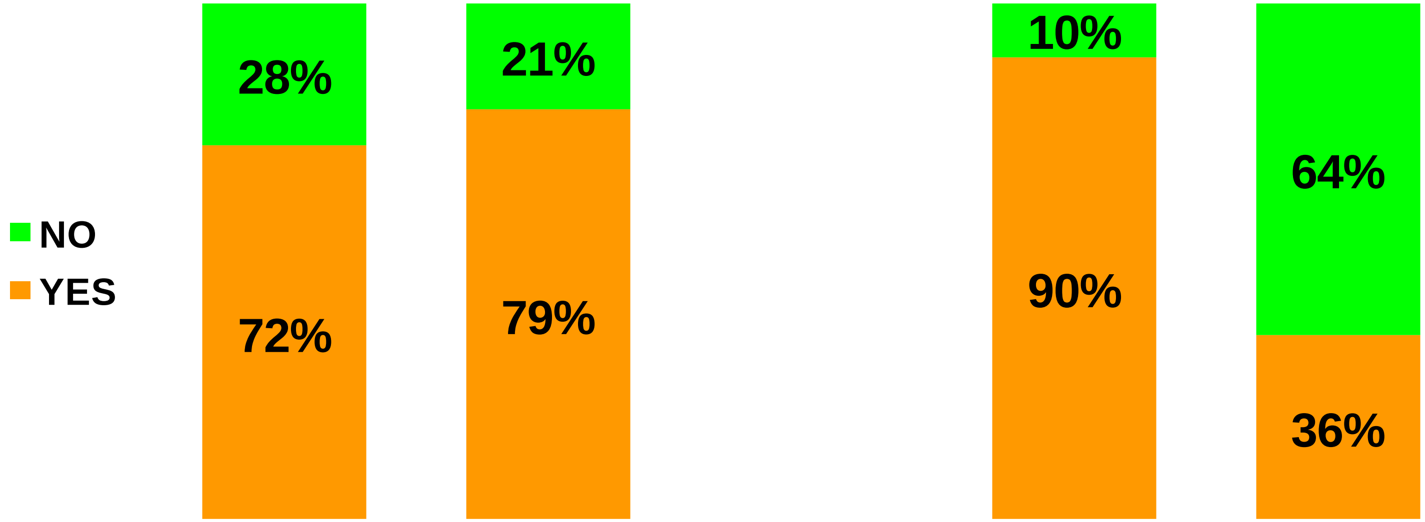
REAL

prior to 31 Dec. 2008 (as declared in Jan./Feb.09)	in the first half of 2009 (*) (as declared in July 09)

FORECAST

in the second half of 2009 (*) (as declared in July 09)	in the first half of 2010 (*) (as declared in July 09)

(*) when compared to the same period the year before



% of the total number of survey participants who indicated a decrease (real/forecast) **of 10% or more**

ASIA/PACIFIC (1st & 3rd surveys)

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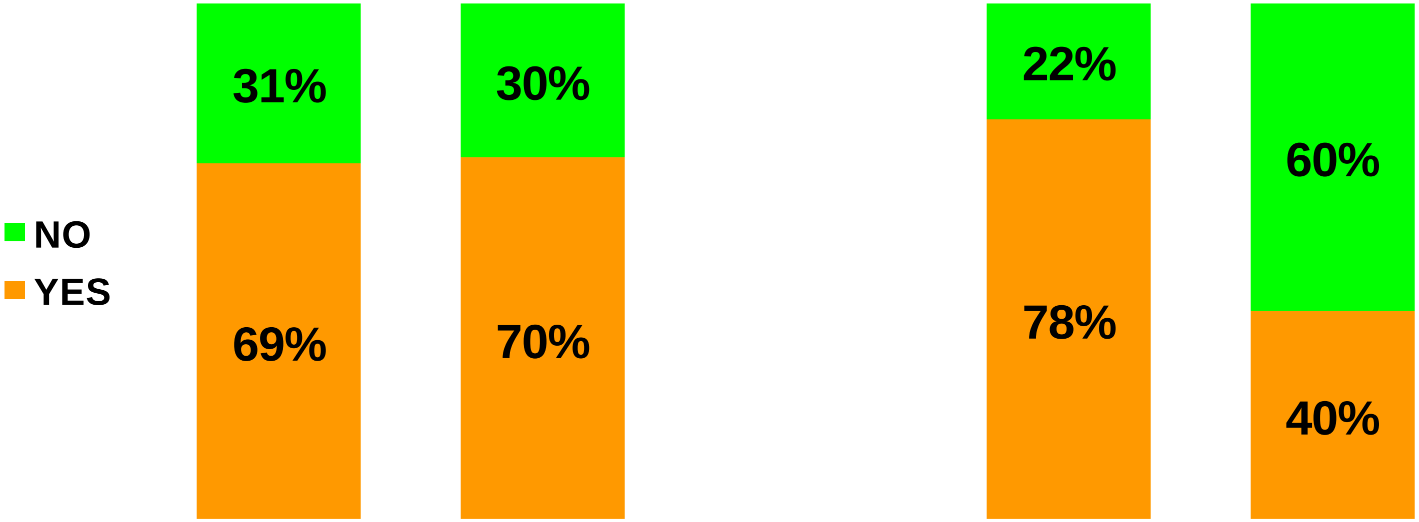
REAL		FORECAST	
prior to 31 Dec. 2008 (as declared in Jan./Feb.09)	**in the first half of 2009 (*)** (as declared in July 09)	**in the second half of 2009 (*)** (as declared in July 09)	**in the first half of 2010 (*)** (as declared in July 09)

(*) when compared to the same period the year before



% of the total number of survey participants who indicated a decrease (real/forecast) **of 10% or more**

EUROPE (1st & 3rd surveys)

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REAL

prior to 31 Dec. 2008
(as declared in Jan./Feb.09)

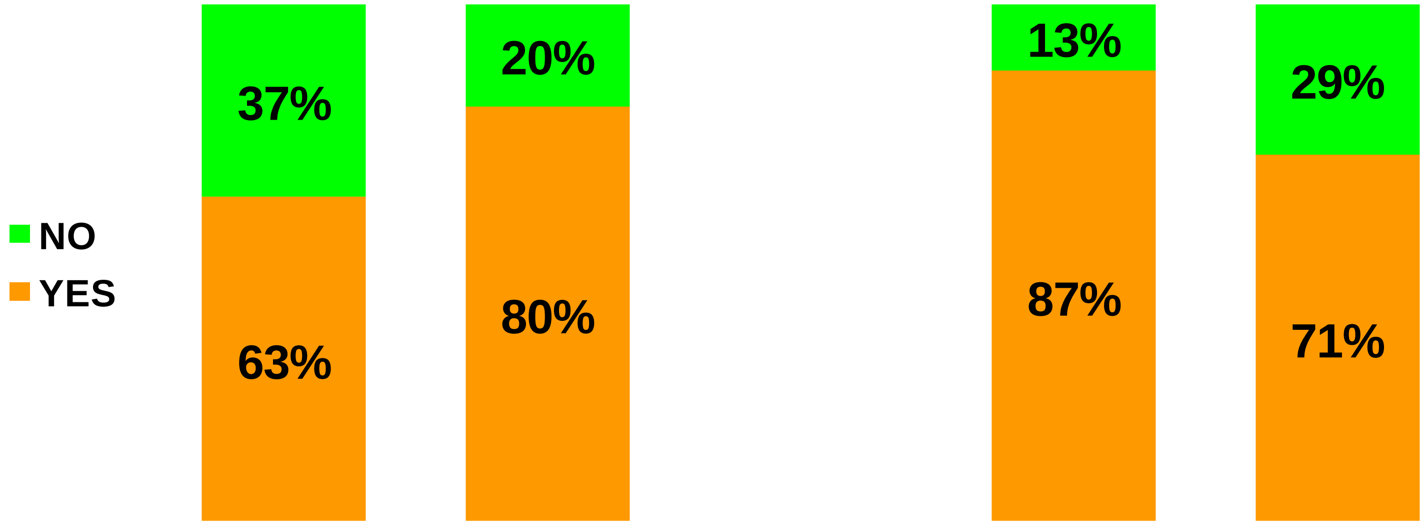
in the first half of 2009 (*)
(as declared in July 09)

FORECAST

in the second half of 2009 (*)
(as declared in July 09)

in the first half of 2010 (*)
(as declared in July 09)

(*) when compared to the same period the year before



% of the total number of survey participants who indicated a decrease (real/forecast) **of 10% or more**

MIDDLE EAST/AFRICA (1st & 3rd surveys)

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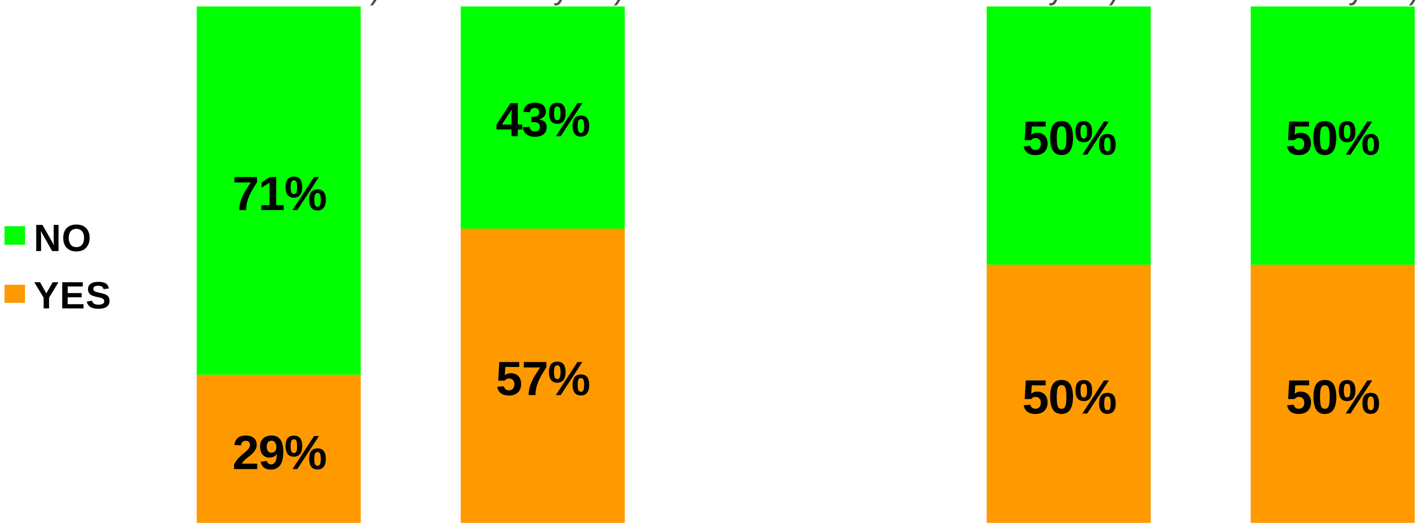
REAL | **FORECAST**

prior to 31 Dec. 2008 (as declared in Jan./Feb.09)	in the first half of 2009 (*) (as declared in July 09)	in the second half of 2009 (*) (as declared in July 09)	in the first half of 2010 (*) (as declared in July 09)

(*) when compared to the same period the year before

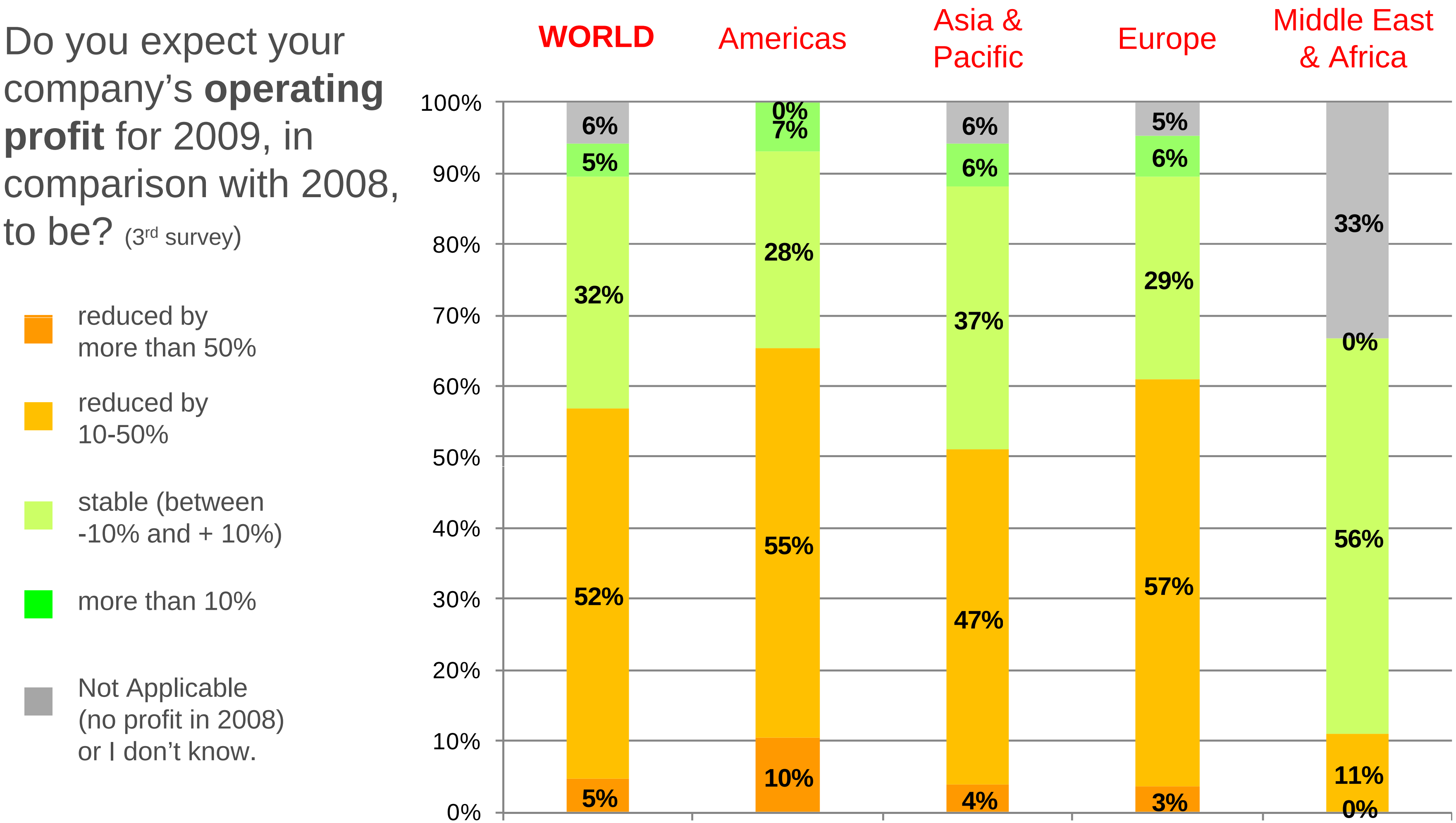


% of the total number of survey participants who indicated a decrease (real/forecast) **of 10% or more**

2. Operating Profit

The decrease of Operating Profit for 2009, compared to 2008, is expected to exceed 10% for 57% of the survey participants and will be "more than 50%" for 5% of them.

Do you expect your company's **operating profit** for 2009, in comparison with 2008, to be? (3rd survey)



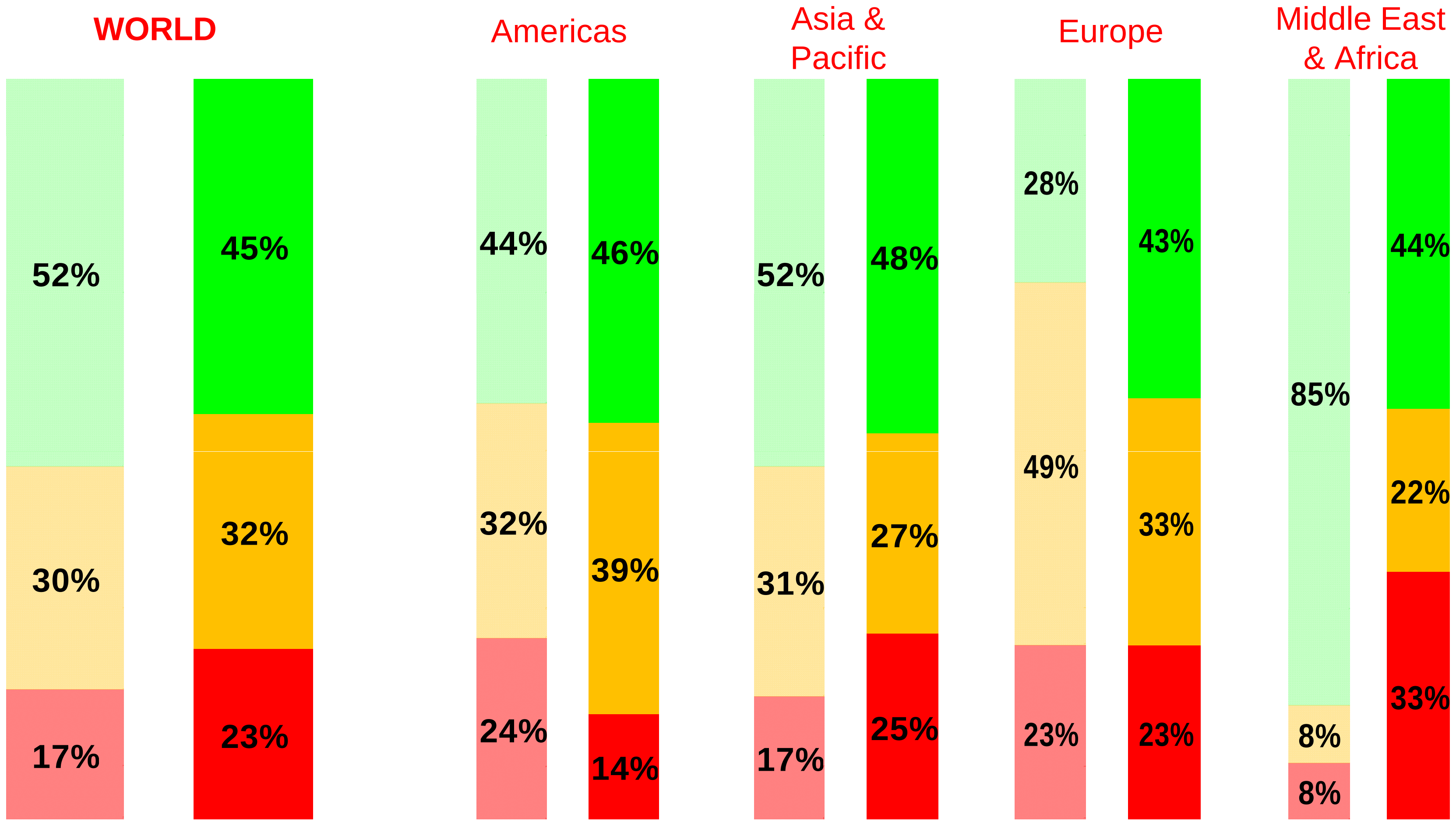
3. Discounts?

- The number of companies who have initiated **discounts** has risen from 47% as declared in early 2009, to 55% in July.
- These discounts reach “more than 10% on average” for 23% of survey participants against 17% early 2009.

Have you or your company initiated **discounts** to respond to your customers' needs during the economic downturn?

NO YES less than 10% YES more than 10%

For each zone: **1st survey**: in light colors / left chart
3rd survey: stronger colors / right chart



4. Cost reductions?

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- The number of companies with **cost reduction** programs (already high in the previous surveys: 77% and 85%) has not increased during the last 3 months (86%), but the level of cost reduction has: it reached “10% or more” for 49% of the survey participants in July, compared to 40% 3 months ago.

Have you made, or do you plan to make,
cost reductions in your company operations?

For each zone: **1st survey**: left chart / **2nd survey**: central chart / **3rd survey**: right chart

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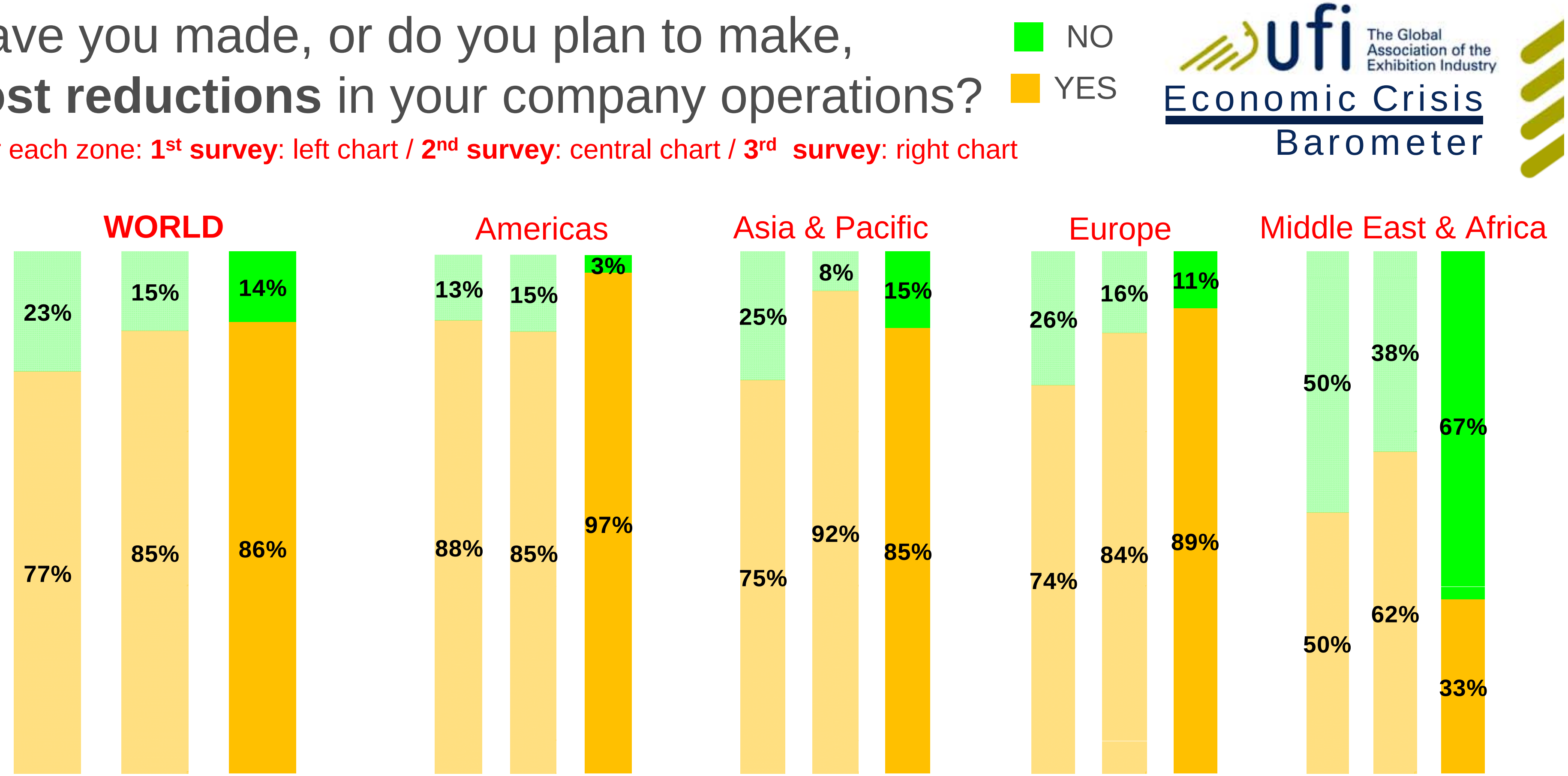
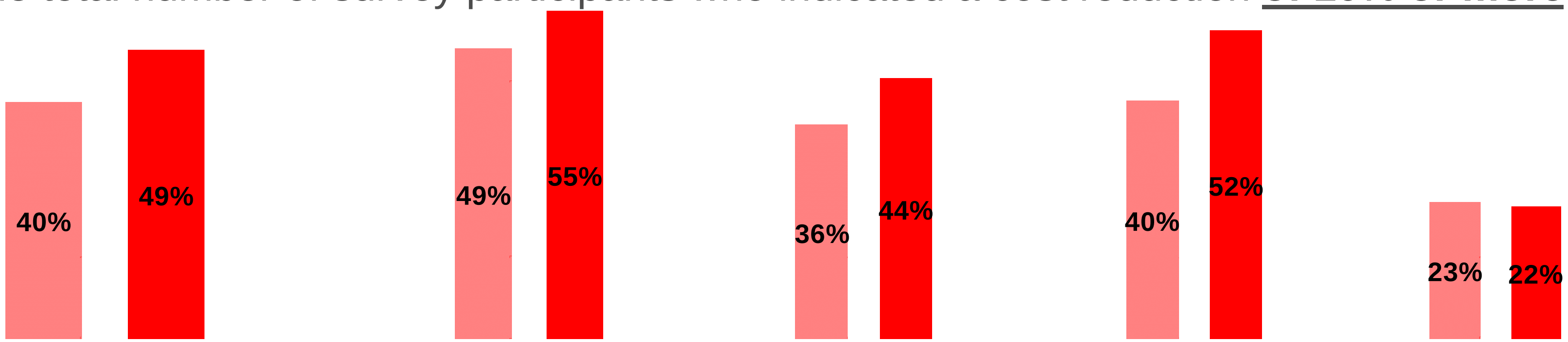


% of the total number of survey participants who indicated a cost reduction **of 10% or more**



5. Assessment on regional impact

A majority of survey participants from Asia/Pacific (57%) and Middle East/Africa (60%) believe that their region is **less affected** than other regions of the World.

On the other hand, almost 2/3 of survey participants from Americas (65%) and Europe (66%) consider that their region is affected **“to the same or to a greater level”** than other regions of the World.

To what degree do you believe the exhibition industry in **your region is being impacted by the global economic downturn compared to other regions of the world?**

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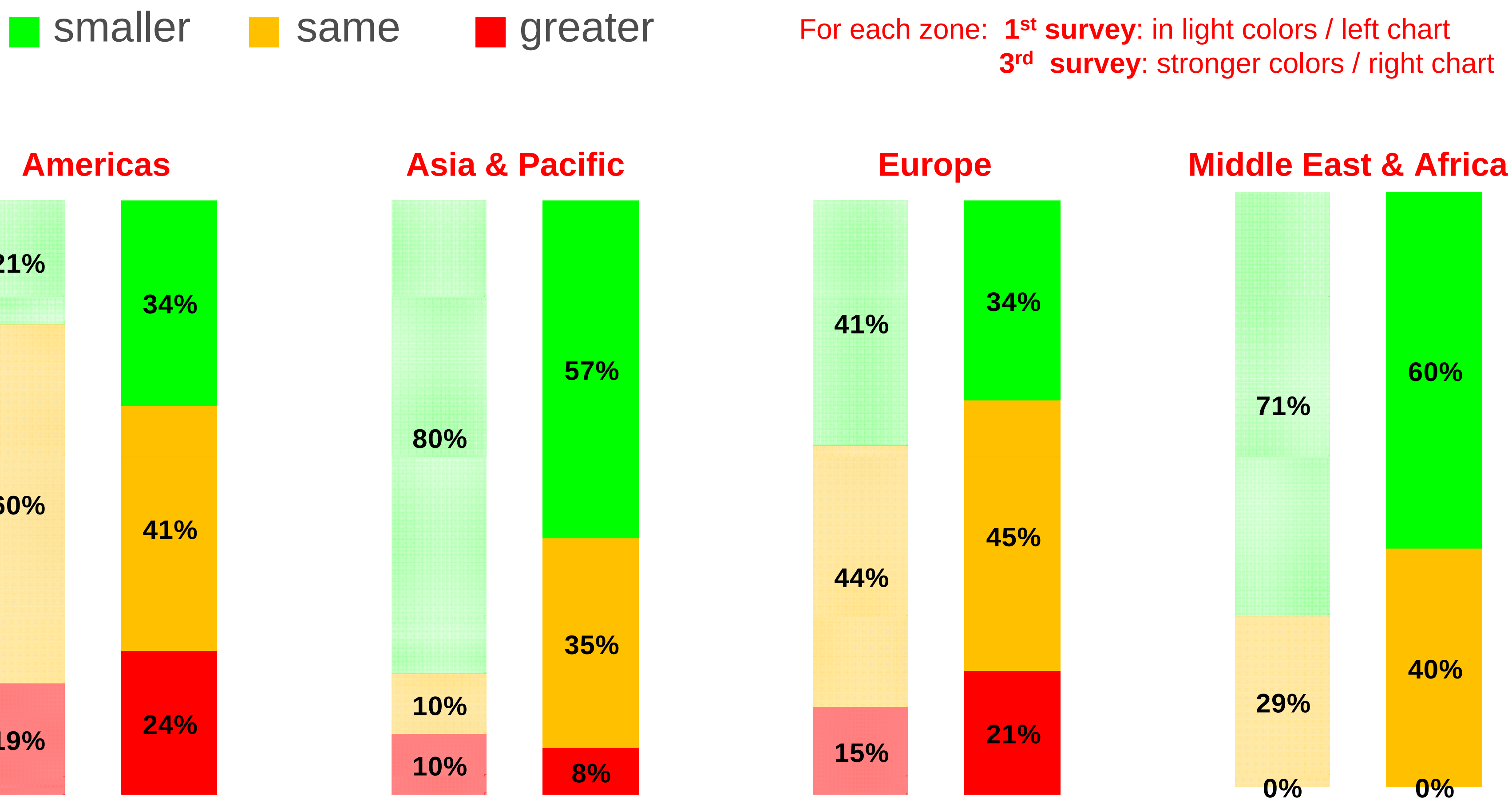
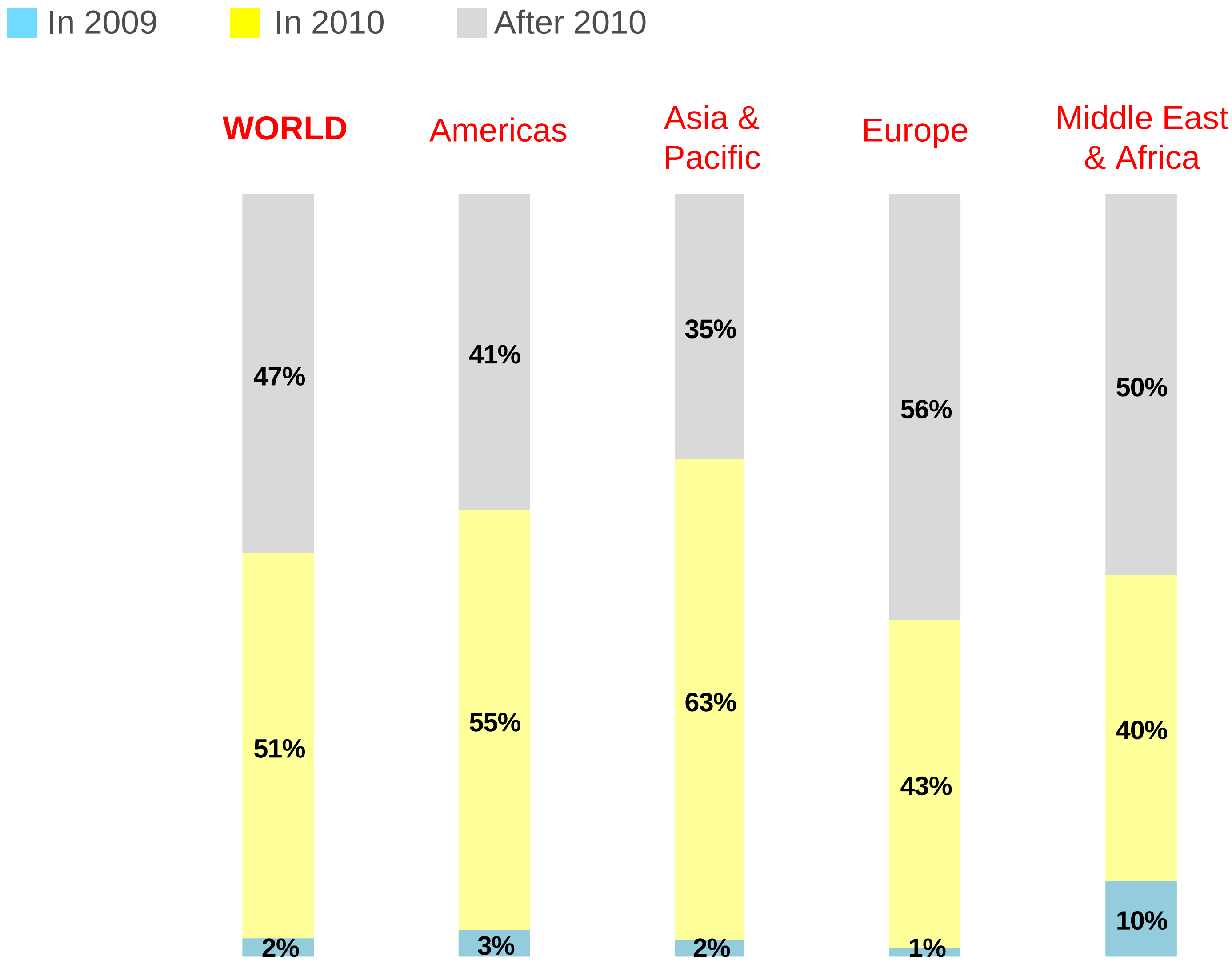


6. Recovery expectations

53% of survey participants believe that the economic recovery for the Exhibition Industry will happen in 2010 (or before). 47% believe it will be "in 2011 or after". The most optimistic answers come from Asia/Pacific (65%), followed by the Americas (58%), the Middle East/Africa (50%), and finally Europe (44%).

When do you believe that the **global exhibition industry's economic recovery** will begin? (3rd survey)



CONCLUSION

The economic downturn is having an increasing impact on the exhibition industry:

- The % of survey participants who experienced a **decrease in Gross Turnover** grew from **66% for activity "prior to 2008",** to **76% for the "first half of 2009"** and **83% when anticipating the "second half of 2009".** The decrease in Gross Turnover anticipated for the second half of 2009 "is 10% or more" for 50% of survey participants, compared to between 37% and 39% for the previous periods.

  These tendencies are stronger in the Americas and in Europe than in the Asia/Pacific region. The latter appears to have been hit to a higher degree than the other regions at the end of 2008.
- **A "bottom-out" is anticipated by some companies**: 45% of survey participants declare that their Gross Turnover for the "first half of 2010" will not decrease as compared to the first half of 2009, where only 24% of the survey participants were in a stable or positive trend.

  For the remaining 55% participants, another decrease is anticipated. This phenomenon is stronger in Europe where 71% of survey participants expect a decrease during the first half of 2010 (36% in the Americas, 40% in Asia/Pacific and 50% in Middle East/Africa).
- **In terms of Operating Profit for 2009, the decrease compared to 2008 is expected to exceed 10% for 57% of the survey participants** and will be "more than 50%" for 5% of them.

In terms of specific actions taken in response to the crisis:

- The number of companies who have initiated **discounts** has risen from 47% as declared in early 2009, to 55% in July. These discounts reach "more than 10% on average" for 23% of survey participants against 17% in early 2009.
- The number of companies with **cost reduction** programs (already high in the previous surveys: 77% and 85%) has not increased during the past 3 months (86%), but the level of cost reduction has. It reached "10% or more" for 49% of the survey participants in July, compared to 40% 3 months ago.

Finally, to end on a less negative note, **53% of survey participants believe that the economic recovery for the Exhibition Industry will occur in 2010** (or before). 47% believe it will be "in 2011 or after". The most optimistic answers come from Asia/Pacific (65%), followed by the Americas (58%), the Middle East/ Africa (50%), and finally Europe (44%).

Number of answers per country/region

Total = 179 (in 53 countries)

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Americas	31
Bolivia	1
Canada	1
Chile	1
Colombia	2
Ecuador	1
Honduras	1
Mexico	1
USA	23

Asia / Pacific	51
Australia	5
Azerbaijan	1
China - mainland	12
Hong Kong	8
Taipei	2
India	4
Japan	3
Pakistan	1
Singapore	7
South Korea	6
Thailand	2

Europe	70
Austria	1
Belgium	3
Bulgaria	1
Croatia	2
Czech Republic	1
France	6
Georgia	1
Germany	12
Greece	5
Hungary	2
Italy	9
Kazakhstan	1
Luxembourg	1
Montenegro	2
Netherlands	3
Norway	1
Poland	1
Portugal	3
Romania	1
Russian Federation	5
Slovak Republic	1
Slovenia	1
Spain	7
(Europe - continued)	
Sweden	4
Switzerland	2
Turkey	3
Ukraine	4
United Kingdom	4

Middle East/Africa	10
Iran	1
Israel	1
Jordan	3
Kuwait	1
Qatar	1
South Africa	1
Syria	2