

Business Media China AG



Company Presentation

Zürich, September 19/20, 2007

Klaus M. Hilligardt, CEO
Edwin van der Geest, IR

Disclaimer

This document contains forward-looking statements and forecasts based on assumptions and estimates made by Business Media China AG („BMC“) management. While we assume that the expectations of these forward-looking statements are realistic, we cannot guarantee that the expectations will prove to be correct. The assumptions may conceal risks and uncertainties which may lead to actual results significantly divergent from those made in the projective forecasts. The factors that can cause such a divergence include: changes in foreign exchange control or the economic and business environment, currency exchange rate fluctuations, the low market entry barriers for competitors, insufficient acceptance of new products or services and changes in corporate strategy. No update of the projected forecasts contained herein is planned, nor does BMC assume any obligation to do so.

Agenda

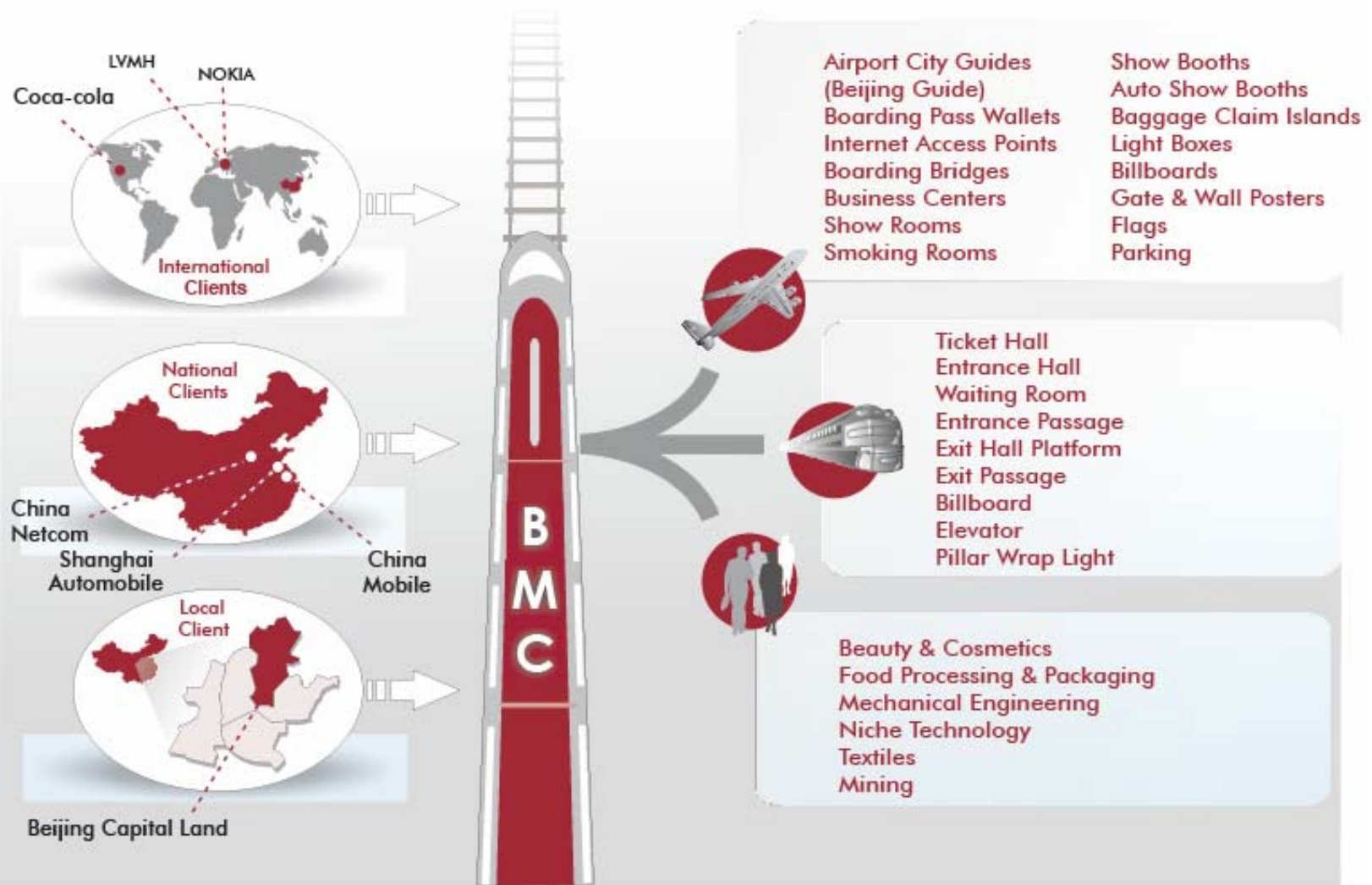
- **BMC at a Glance**
- Summary major milestones and strategic outlook
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- BMC's operations
 - Travel Media
 - Exhibitions, Conferences and Publishing
- Peer Analysis
- Summary and contact data



BMC on 1 Page

- ▶ BMC provides “**Total China Media Competence**” by combining Exhibitions, Conferences, Publishing and Out-of-Home (OOH) advertising.
- ▶ BMC’s **track record in Exhibitions** and the **high value portfolio of advertisement rights for railways stations and airports** ensures a fast-growing predictable revenue and earnings stream.
- ▶ BMC is expecting consolidated revenue of 26-28 million EUR in 2007 and **over 100 million EUR in 2010**, targeting an **EBITDA margin of over 30% in 2010E**.

BMC - an attractive platform



BMC's Footprint today


 **BMC CHINA Airport Advertising**
AIRPORT ADVERTISING

 **BMC CHINA Advertising**
RAILWAY ADVERTISING

 **BMC Baiwen Exhibitions**
EXHIBITIONS

 **BMC-TBG**
EXHIBITIONS & CONFERENCES

 **BMC Zhenwei Exhibitions**
EXHIBITIONS

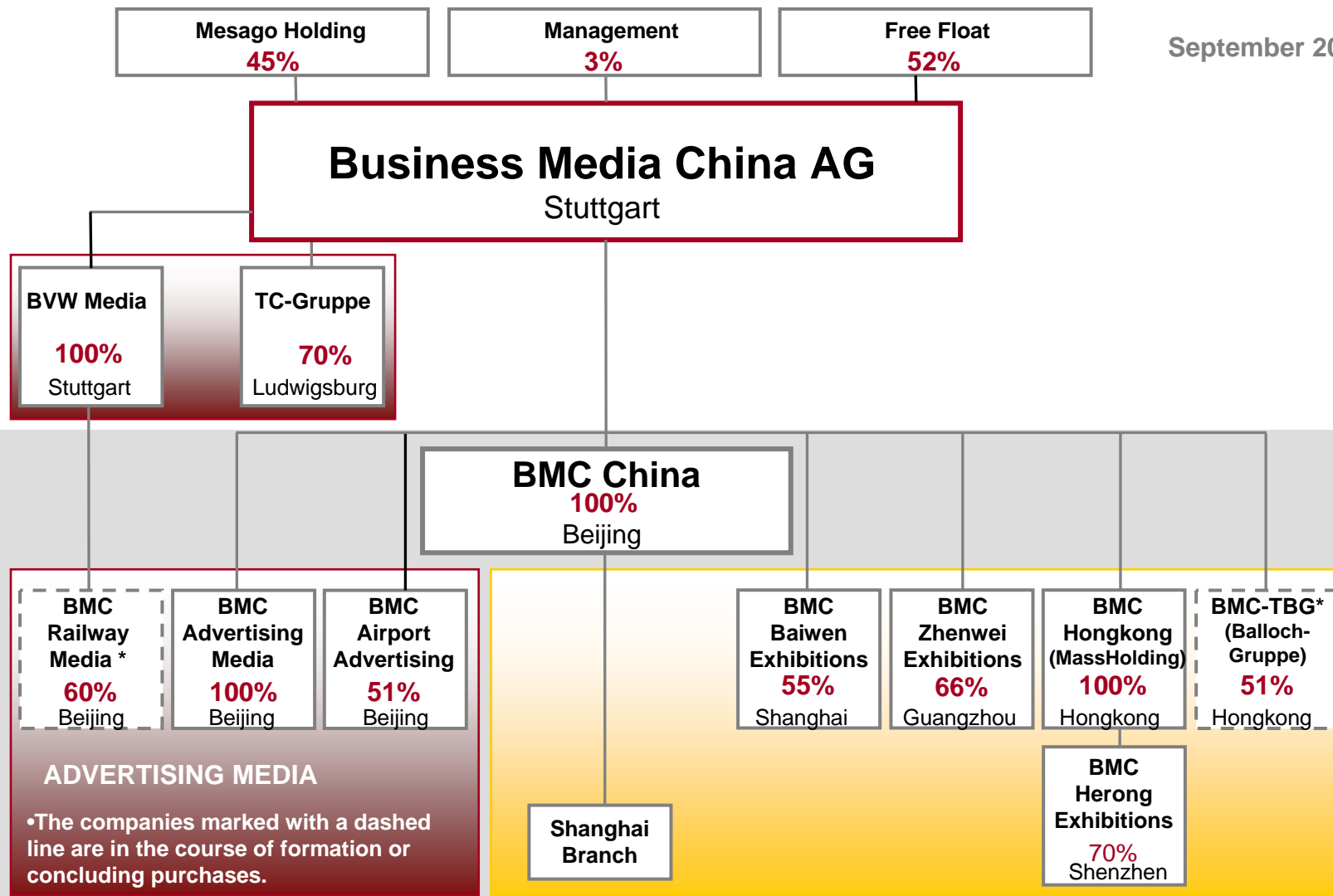
 **BMC Herong Exhibitions**
EXHIBITIONS & CONFERENCES

 **BMC China**
EXHIBITIONS & CONFERENCES



BMC AG Structure

September 2007



DEUTSCHLAND

CHINA

Management-Team



Klaus M. Hilligardt
Chief Executive Officer

- In the media and exhibition business since 1982.
- Owner and President MESAGO HOLDING GmbH.
- Founder of Mesago Messe Frankfurt in Stuttgart and Tokyo.
- Since 15 years active in China with large personal network -Guanxi.
- Founder of Business Media China AG.



Li Yang
Board Member
General Manager BMC CHINA

- Graduate of the Elite University UIBE - University of International Business and Economics.
- 7 years executive positions in media companies in China.
- Large personal network – Guanxi – in China.



Arend J.R. van Eeden
Board Member

- In the media and exhibition business since 1992.
- 30 years international experience:
- Miller Freeman / United Business Media plc and EMAP plc.



Peter Sassmann
Chief Financial Officer

- 10 years international experience in the exhibition business.
- Director Administrations BMC since 2005.
- Vice President Subsidiary Management Messe Frankfurt von 1996 – 2004.
- Director Controlling and Finance at a stock listed environmental service enterprise 1990-1995.

BMC's Ad Space: Railway Stations



BMC's Ad Space: Railway Stations



BMC's Ad Space: Railway Stations



BMC's Ad Space: Airports



BMC's Ad Space: Airports



Current status: Key figures

P/L summary (in 1000 Euro)	2007, H1	2006, H1	2006	2005
Revenues	7,972.7	3,057.2	7,478.6	2,185.6
Net Profit/Loss	-3,937.2	-1,326.5	-6,410.4	-1,395.5
Total Assets	36,451.6	14,205.4	32,812.9	8,058.6
Cash and Cash equivalents	8,168.3	16,919.9	14,950.6	2,917.4
Staff (end of period)	244	150	146	37

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Strategy

- ▶ Exploring **synergies** between OOH advertising, exhibitions and conference businesses
- ▶ Identification of **opportunities** as e.g. in “railway station advertising” for a blue ocean strategy
- ▶ Follow **buy & build** strategy using national and global reach. BMC identifies market leaders in specific local or regional segment, acquires a controlling stake in it (buy), and then scales (build) it up using its national and global reach.
- ▶ **Investments** in intangible assets that will be converted to tangible assets and provide returns (reap) for a long-time to come



Strategic Milestones

- ▶ BMC has developed a **wide personal network** in government, industry, media and academia
- ▶ Formed a **30 year joint venture with China Railway Media** for an “All-China Roll-out”
- ▶ Controls **increasing number of important airports** and is able to scale-up and roll-out successes in one airport to the various airports across China
- ▶ **International experience** of BMC attracts important companies
- ▶ **Getting international brands** to advertise will increase the value of the airport advertising
- ▶ Plans to form **JVs with leading western exhibitions** for China
- ▶ Acquired **license agreements** and JVs with top Chinese, European and American publishing houses

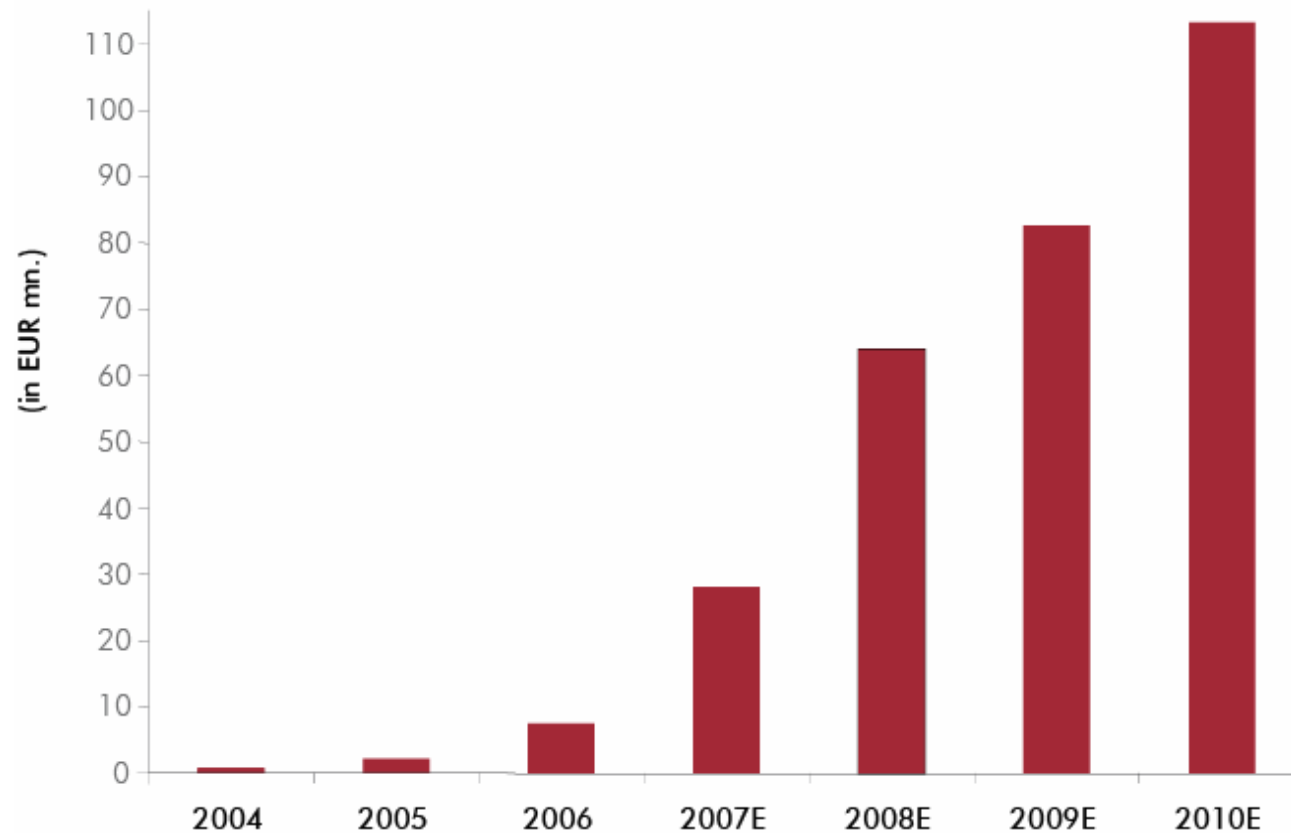


BMC's Current Position

- ▶ Revenues are growing fast
- ▶ Investments in intangibles have been accomplished to a major extent
- ▶ Variable costs are relatively low
- ▶ EBITDA is expected to turn positive in the next quarters and to grow strongly over the next few years
- ▶ ROE is expected to increase continuously and stabilize at a high level

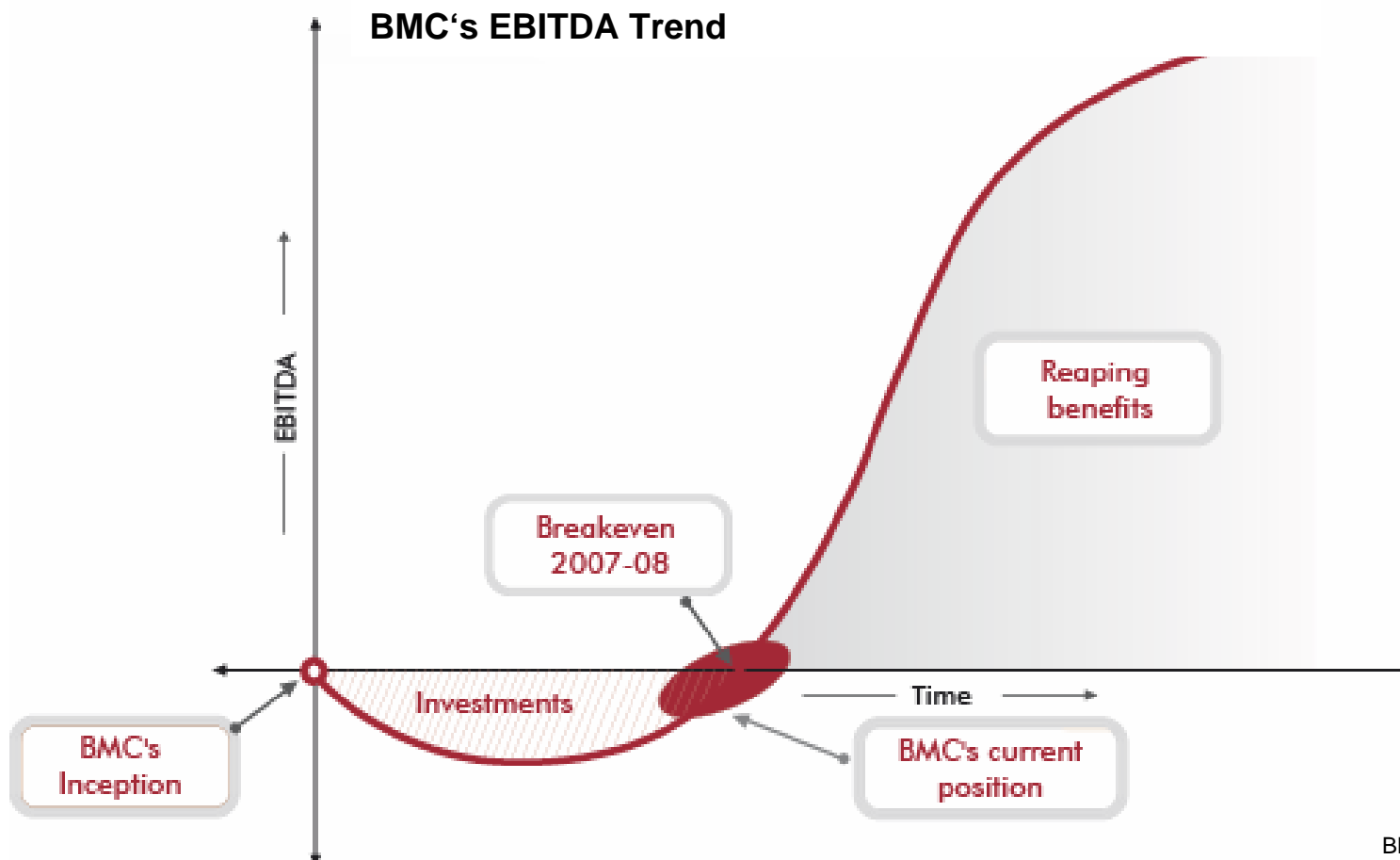
Ready for take off

BMC's Revenue Trend over the Next Years



Source:
BMC Estimates

EBITDA is turning positive





Future Growth Strategy

- **To cover all major railway stations and important airports**
- **To acquire top exhibitions in China**
- ▶ Acquire license for premium space only
- ▶ Optimum use of advertising space at airports
- ▶ Optimize management structure
- ▶ Organic and inorganic growth
- ▶ Consolidation in the East Coast of China
- ▶ Enter newer markets

Projections

BMC consolidated P/L projections by segment (in EUR '000)*				
	2007E	2008E	2009E	2010E
Railway Stations	12,245	19,592	24,489	29,387
Airportss	7,249	24,098	29,584	52,897
Total Travel Media	19,494	43,689	54,073	82,284
Exhibitions	6,612	10,874	14,792	18,710
Others	1,959	9,306	13,714	12,245
Revenue	28,065	63,869	82,579	113,239
EBITDA	+/- 0	9,580	20,645	33,972

CNY/EUR 0.0979577

* These projections are based on existing asset and projects and are excluding the Beijing Olympics effect 2008 and the Shanghai EXPO effect 2010

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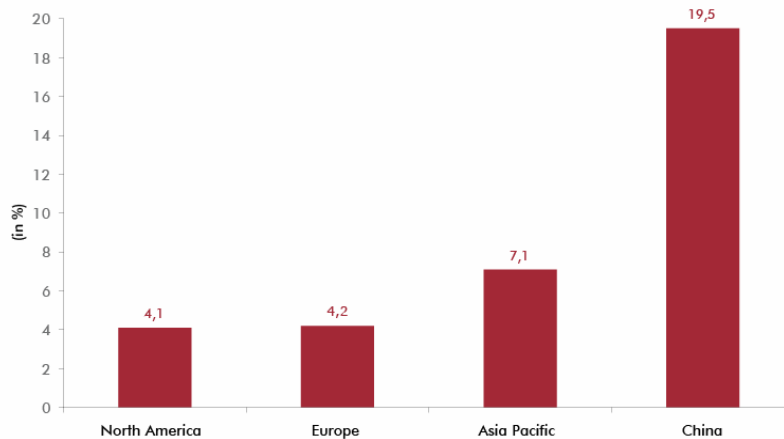


China's Dynamic Economy

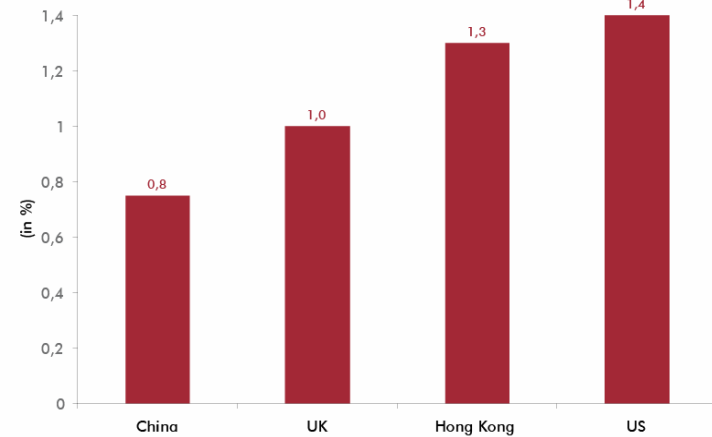
- ▶ The Chinese economy is slated to be among the world's top five largest economies
- ▶ Economy is estimated to grow at over 9% per annum through the next decade
- ▶ Huge manufacturing sector, called 'Factory of the World'
- ▶ Rising income levels and increasing purchasing power of middle class
- ▶ By 2020 the middle class will comprise 40% of the total population
- ▶ China will consume approximately 29% of the world's total luxury goods in 2015
- ▶ Boom in the retail sector
- ▶ Government modernizing rural & urban infrastructure, highways, railways, airports, roads, subways

Strong Ad Spend Growth

Ad spend growth of China vs. World



Ad spend % of GDP of China vs. World

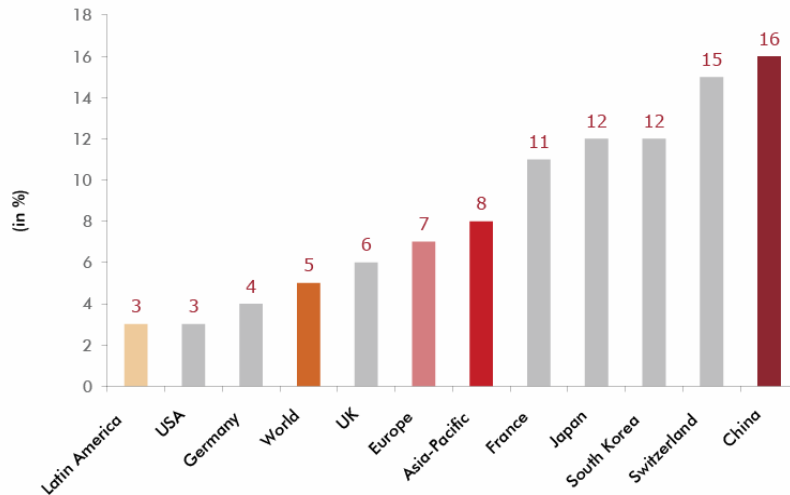


- ▶ China's urban population increased from 29.0% in 1995, to 40.5%, or 523 million people, in 2003
- ▶ Predicted to increase beyond 615 million by 2010

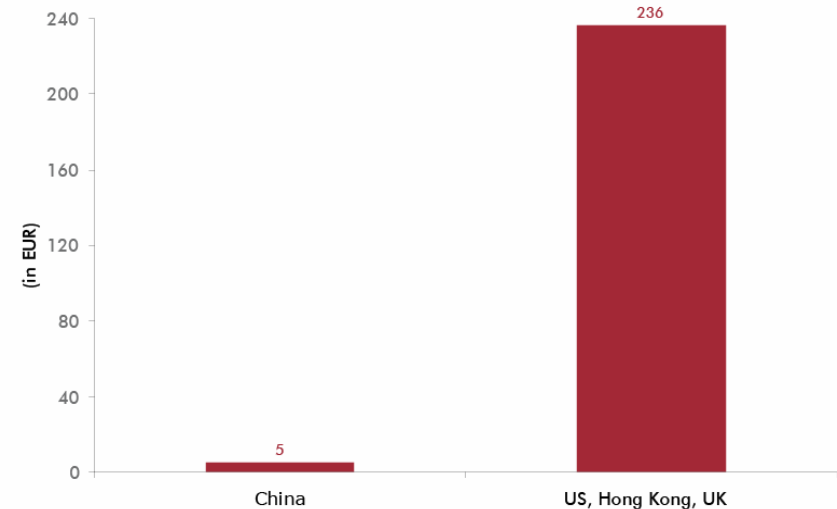
Increasing Market Penetration

(Source: Zenith Optimedia, Clear Media, Goldman Sachs Research estimates)

Outdoor advertising as percentage of total ad spend



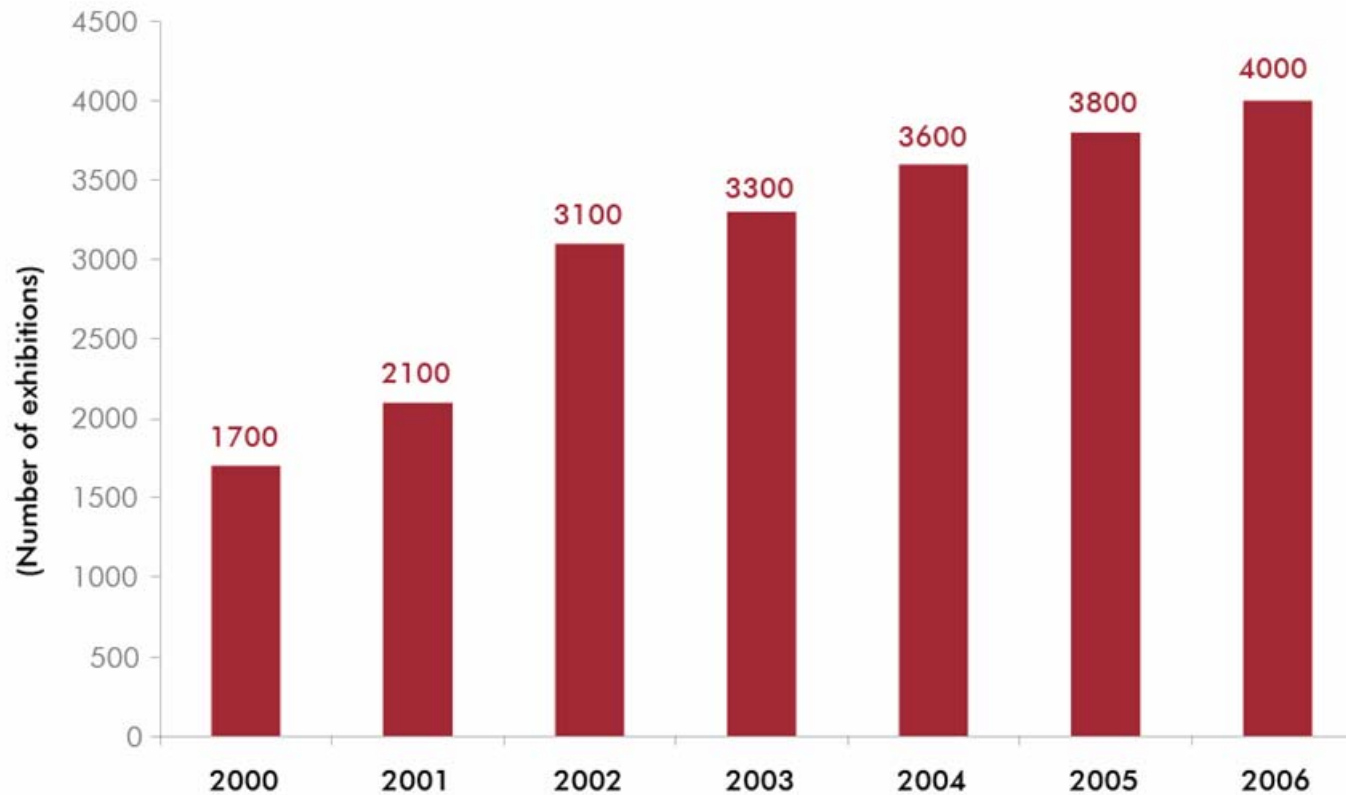
Ad spend per Capita of China vs. World



- ▶ Massive urbanisation drives China's ad expenditure where current figures show that over 70% of retail sales take place in urban areas with a growth rate of over 14%.
- ▶ Over 50% of China's current advertising spend is targeted at the cities of Beijing, Shanghai, Guangzhou and Shenzhen although currently, they only account for around 9% of the total China population.

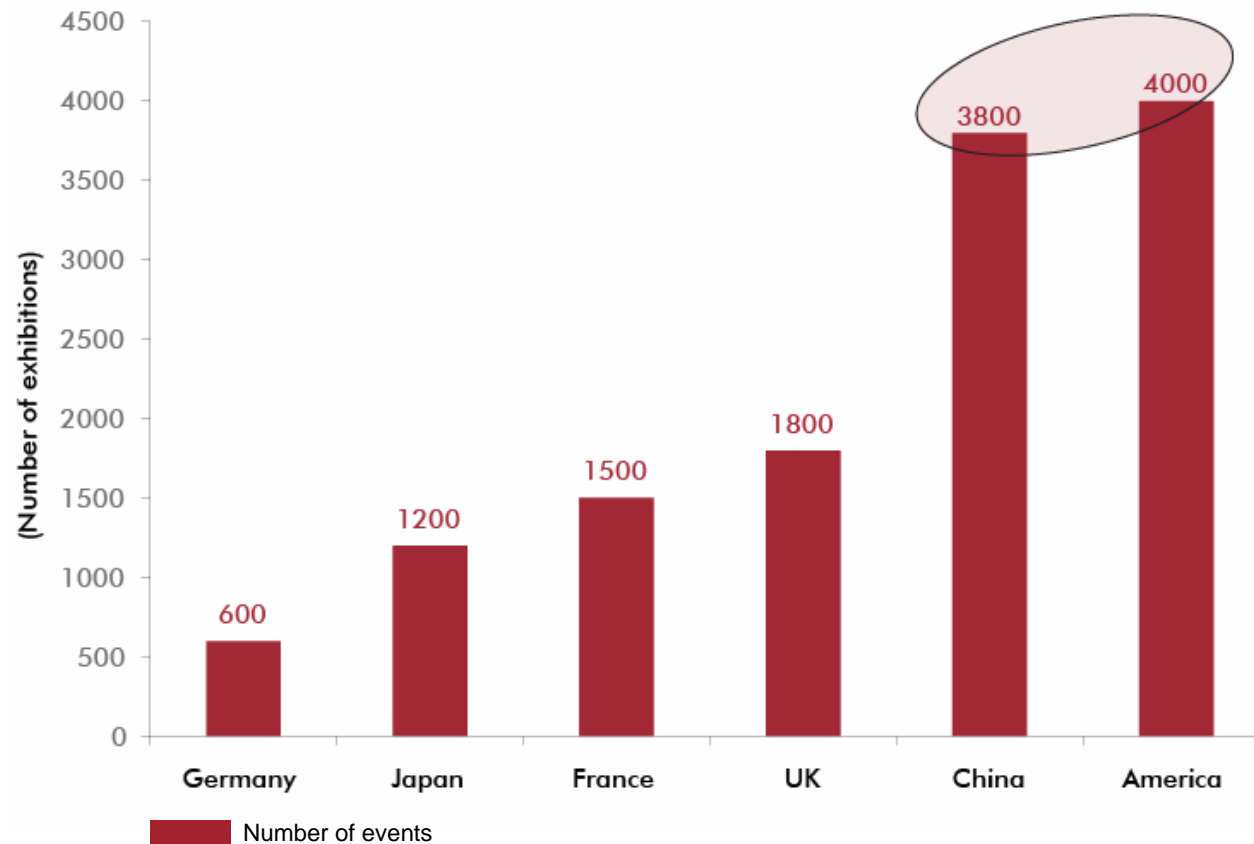
Exhibition Growth in China

Exhibitions' Growth in China during 2000 – 2006



China Takes the Lead

World Exhibition Market



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Advertising Management



MO Li Yan
President

The “Grand Dame” in China's Advertising Business

- › COO JCDecaux China
- › General Manager JHDecaux China
- › COO Media Nation Group
- › Vice President Top-Result Advertising
- › CEO Top-Result Bus Advertising
- › General Manager Shanghai Metro Advertising from 2000-2006



WEN Denny
Chief Executive Officer

One of the most prominent figures in China's Advertising Business

- › General Manager JCDecaux 2005-2006
- › Vice General manager Media Nation Inc. 2003-2005



Rüdiger Wulf
Director Advertising Media

Sorbonne Paris Graduate

- › STRÖR Group (leading Outdoor Company in Germany) 2000-2006
- Director Sales & Marketing
- BlowUp Media GmbH



Zhang Jihong
Chairman All-China Roll-Out

- › General Manager
 - › China Railway Century Media Co., Ltd.
- Mr. Zhang is the highest official in Chinese Railway Advertising and responsible for the Railway Advertising Reform.

Railway Station Advertising



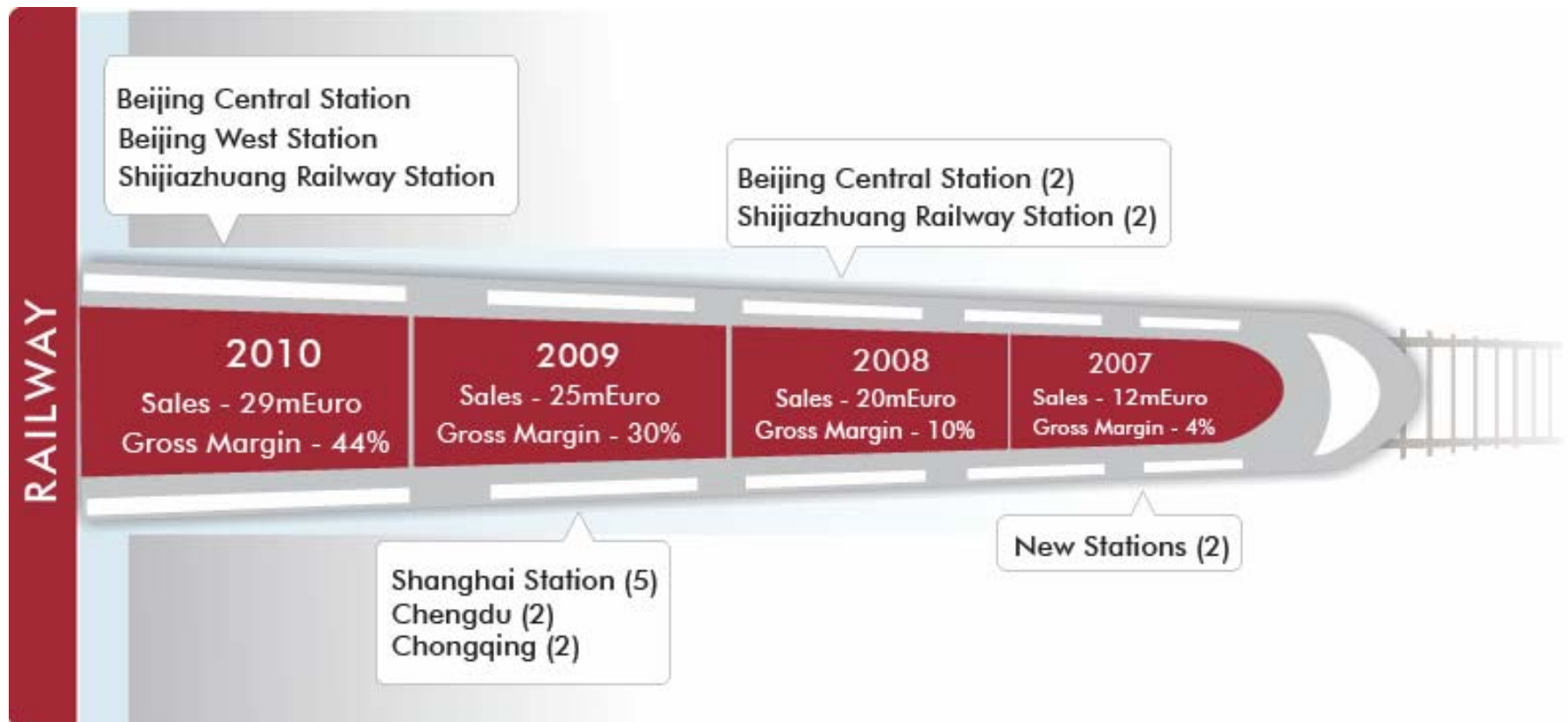
Expansion Plan Railway Stations

2007			
ADVERTISING SPACE	No of stations	Units	SQM
Beijing Central Station (BJC)	1	820	5.002
Beijing West Station (BJW)	1	1.304	5.850
Shijiazhuang Railway Station (SJZ)	1	478	5.481
Total 1		2.602	16.333
Contract signed			
Tianjin Railway Station (JAN 08)	1	460	2.887
Total 2 (TODAY)		3062	19220
2008			
New Stations	No of stations	Units	SQM
Shanghai (some more formats than BJC)	1	900	5.649
Additional Stations in Shanghai	5	1.000	6.277
Chengdu (comparable to BJC)	1	800	5.022
Chongqing (= betw. BJC + SJZ), 2 stations	2	1.000	6.277
Additional Stations in Chengdu	1	400	2.511
Sub - Total End of 2008 / Beginning 2009		4.100	25.736
Incl. Existing three stations (BJC/BJW/SJZ) +Tianjin		7.162	44.957
2009			
New Stations	No of stations	Units	SQM
= BJC (2 new station between BJC/BJW and SJZ), e.g. Dalian / Qingdao	2	1.500	9.416
= SJZ (two stations comparable with SJZ)	2	800	5.022
Sub - Total End of 2009 / Beginning 2010		2.300	14.437
Incl. Existing stations (2007 - 2008)		9.462	59.394
2010			
New Stations	No of stations	Units	SQM
= BJC (one new station between like BJC)	1	800	5.022
= SJZ (one station comparable with SJZ)	1	460	2.887
Sub - Total End of 2010 / Beginning 2011		1260	7909
Incl. Existing stations (2007 - 2009)		10722	67303

Economics

Targets				
	2007E	2008E *	2009E	2010E
Mediaformats (units)	3.062	7.162	9.462	10.722
Mediaformats (sqm)	19.220	44.957	59.394	67.303
Price Increases	3%	10%	7,5%	7,5%
Occupancy rate	37,5%	60,0%	72,5%	80,0%
Average Commission/Discount level	35%	35%	35,0%	35,0%
Turnover from agent activities				
	95 mCNY	80 mCNY	50 mCNY	30 mCNY
Fee of 85% to license owner for turnover from agent activities (deduction from turnover agent activities) BMC receives about 15% agent commission				
GM MEDIA only after license costs	-31%	6%	34%	47%
GM Total (media & agent activities) after license costs and fees for license owner	4%	10%	30%	44%
* Without specific "Olympic Games Effect"				
** Gross Profit without any overheads / DA				

Summary Railway Roadmap



Airport Advertising



Airport Economics

Technical Investment costs / renewal of adv space				
No technical investment costs as existing Media Formats are licensed				
LICENSE COSTS				
	per mth/unit	per yr/unit	per mth/sqm	per yr/sqm
9 Airports 2007	5.151 CNY	61.813 CNY	339 CNY	4.069 CNY
TOTAL SALES Volume (without Commissions/Discounts)				
	per mth/unit	per yr/unit	per mth/sqm	per yr/sqm
9 Airports 2007	17.743 CNY	212.912 CNY	1.168 CNY	14.014 CNY

Targets Airports

Targets				
	2007E	2008E *	2009E	2010E
Mediaformats (units)	728	2.328	3.028	3.328
Mediaformats (sqm)	11.060	35.368	46.002	50.560
Price increases (passenger flow increases 25% each year)	15%	15%	15%	15%
Occupancy rate	45,0%	55,0%	65,0%	72,5%
Average commission/discount level	32,5%	32,5%	32,5%	32,5%
Turnover from AGENT ACTIVITIES				
	20 mCNY	17.5 mCNY	15 mCNY	10 mCNY
Fee of 85% to license owner for turnover from agent activities (deduction from turnover agent activities) BMC receives about 15% agent commission				
GM MEDIA only after license costs	17%	49%	56%	65%
GM Total (media & agent activities) after license costs and fees for license owner	16%	46%	54%	64%
* Without specific "Olympic Games Effect"				
** Gross Profit without any overheads / DA				

Summary Airport Roadmap



Profitability Targets - Travel Media

Travel media profitability (airport & railway stations)				
	2007E	2008E *	2009E	2010E
Ebit-Target	4%	13%	22%	30%
Driving factors (improvement y-o-y)				
	2007E	2008E	2009E	2010E
Sales	5%	7%	5%	5%
Prices	2%	3%	3%	3%
Cost reduction/operational improvement	3%	1%	1%	2%

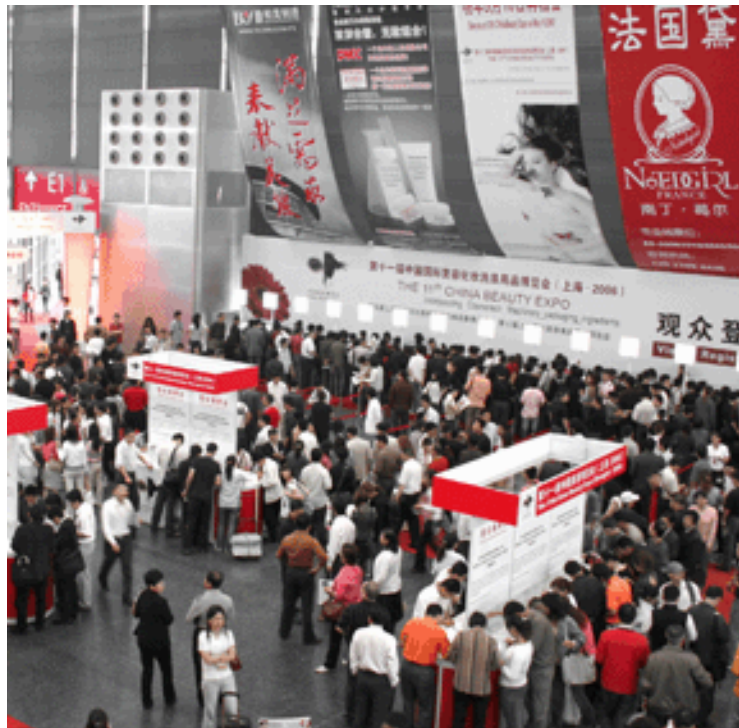
***Without specific "Olympic Games Effect"**

The rapidly increasing Profitability of the Travel Media Business is a result of increasing sales and prices as well as operational improvement.

Exhibitions, Conferences, Publishing

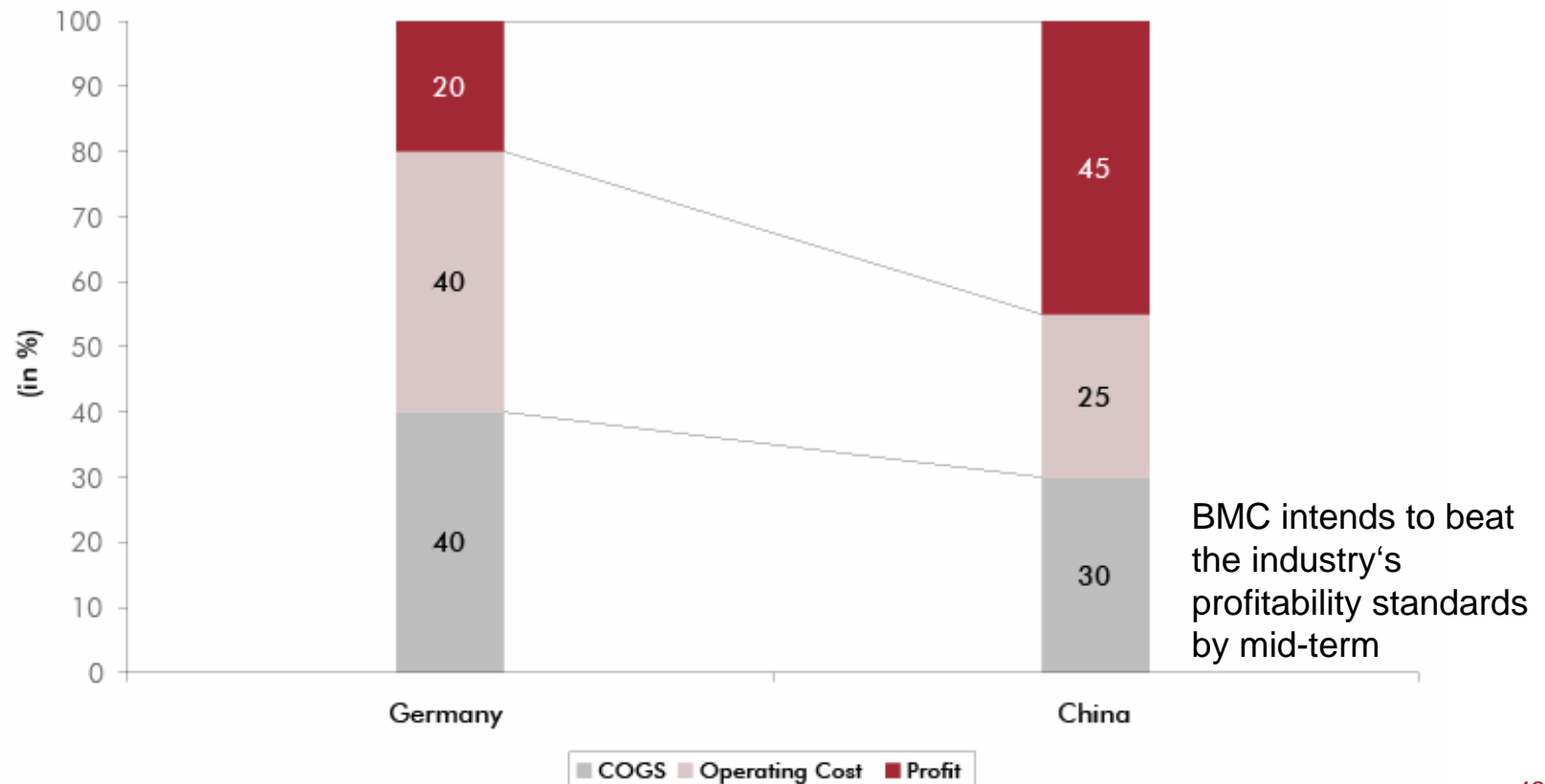


Exhibitions, Conferences, Publishing



Profit Targets - Exhibitions

BMC's Profitability from Exhibitions in Germany & China



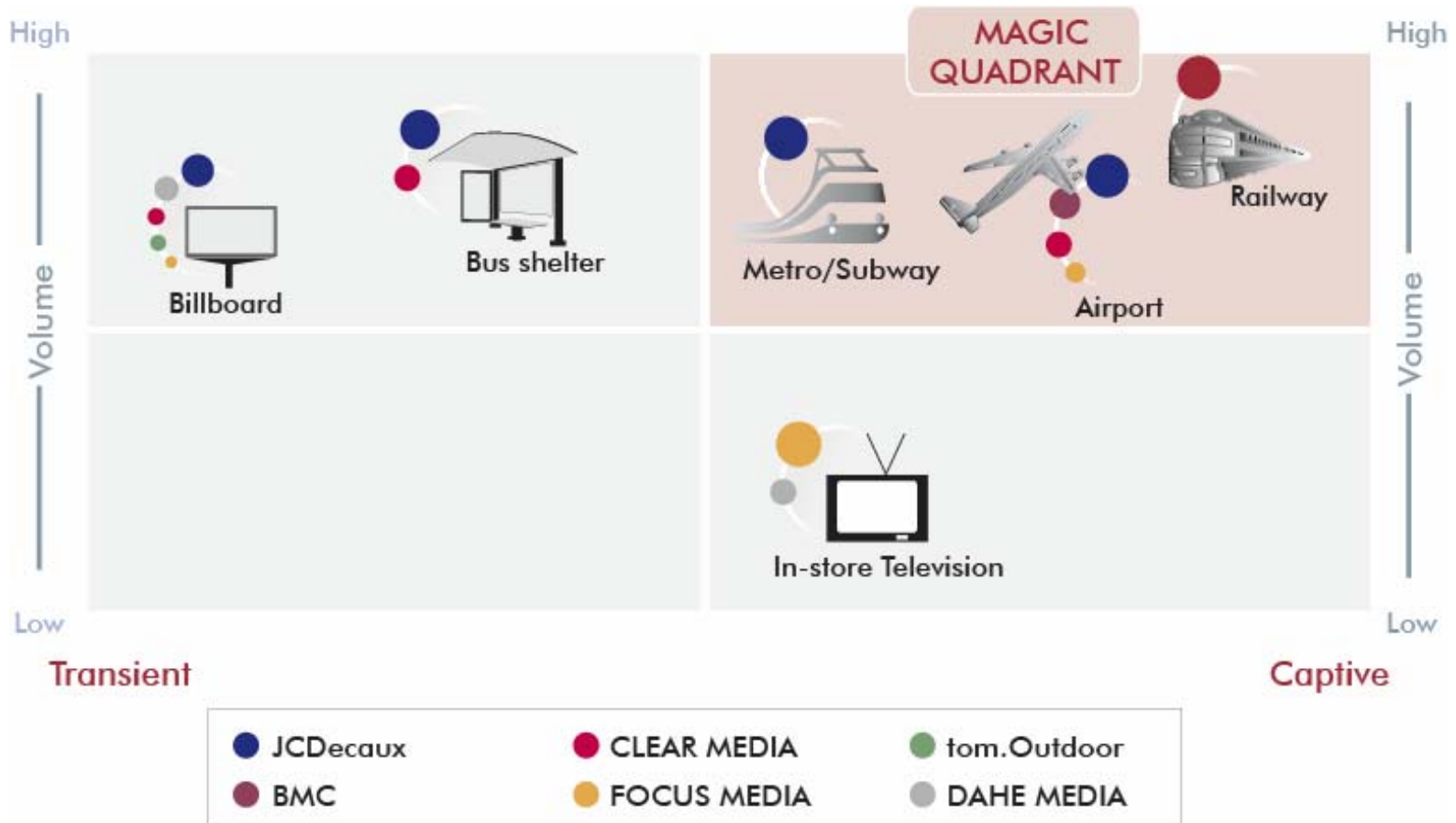
Roadmap - Exhibitions



Agenda

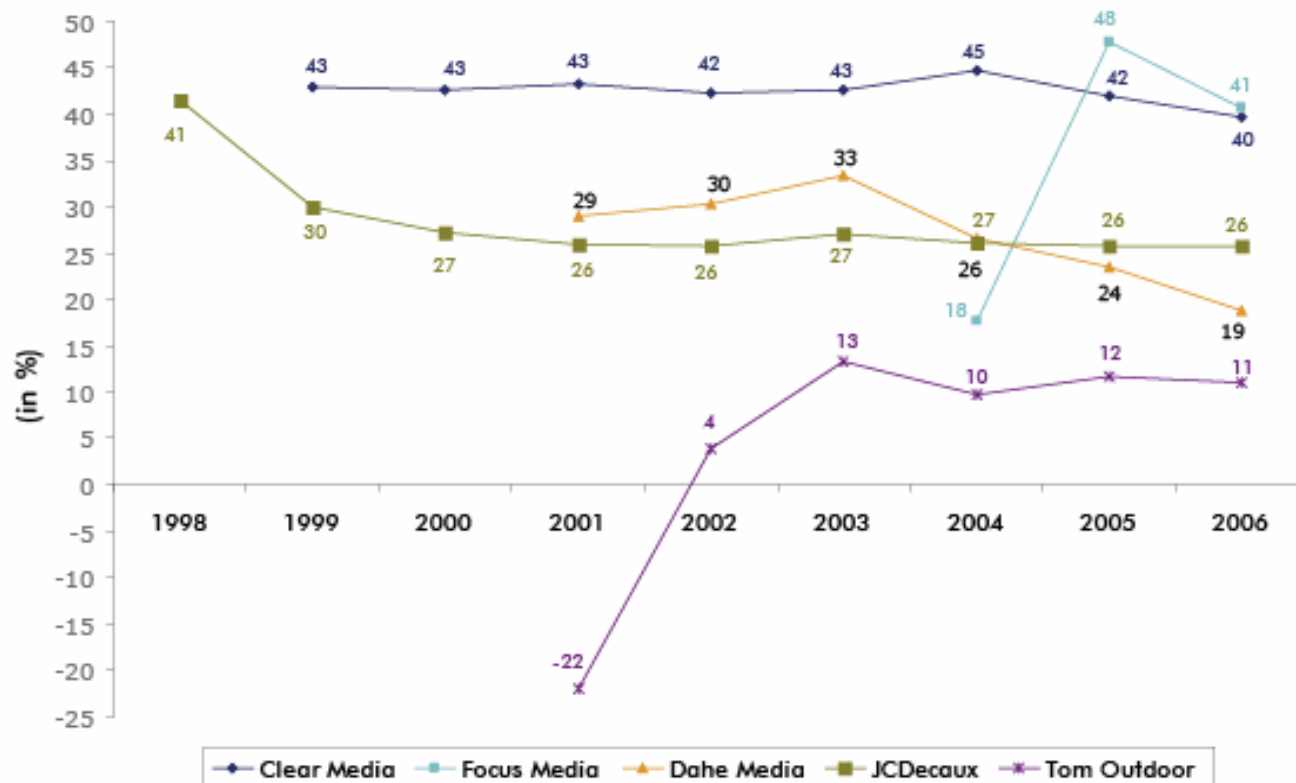
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Peer Group Positioning



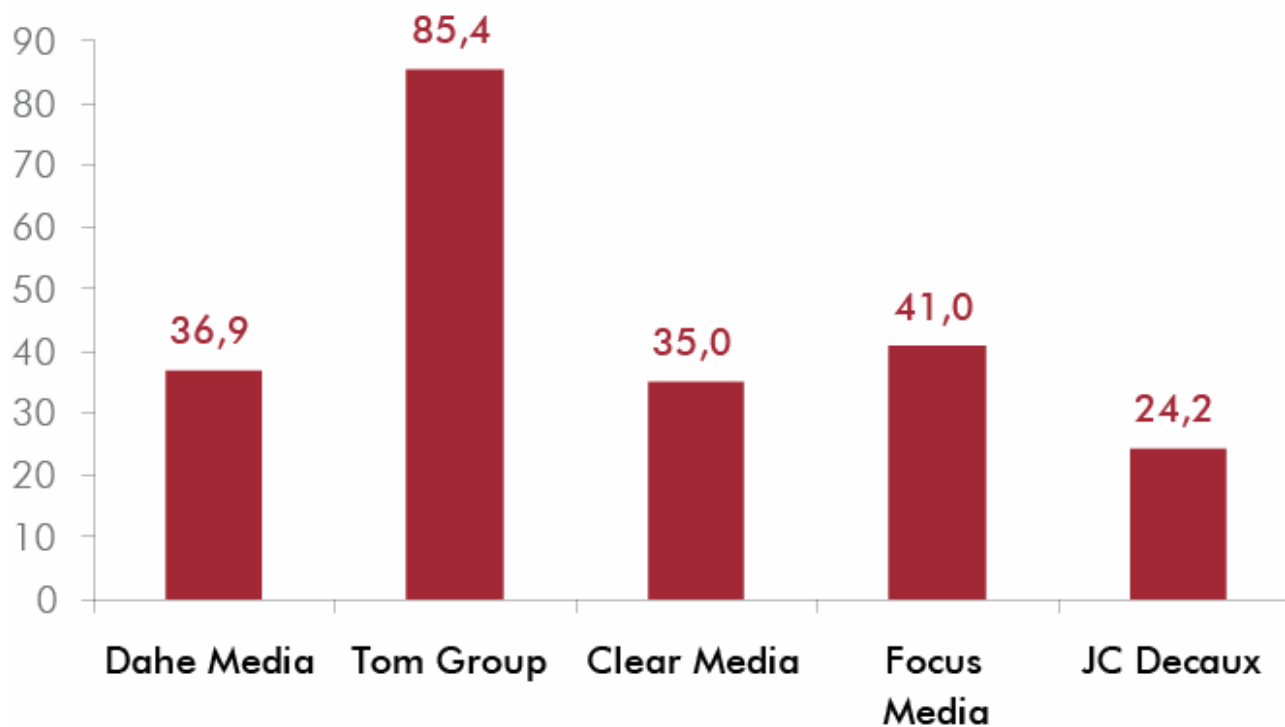
Profitability - Peer Group

Peers EBITDA as Percentage of Sales



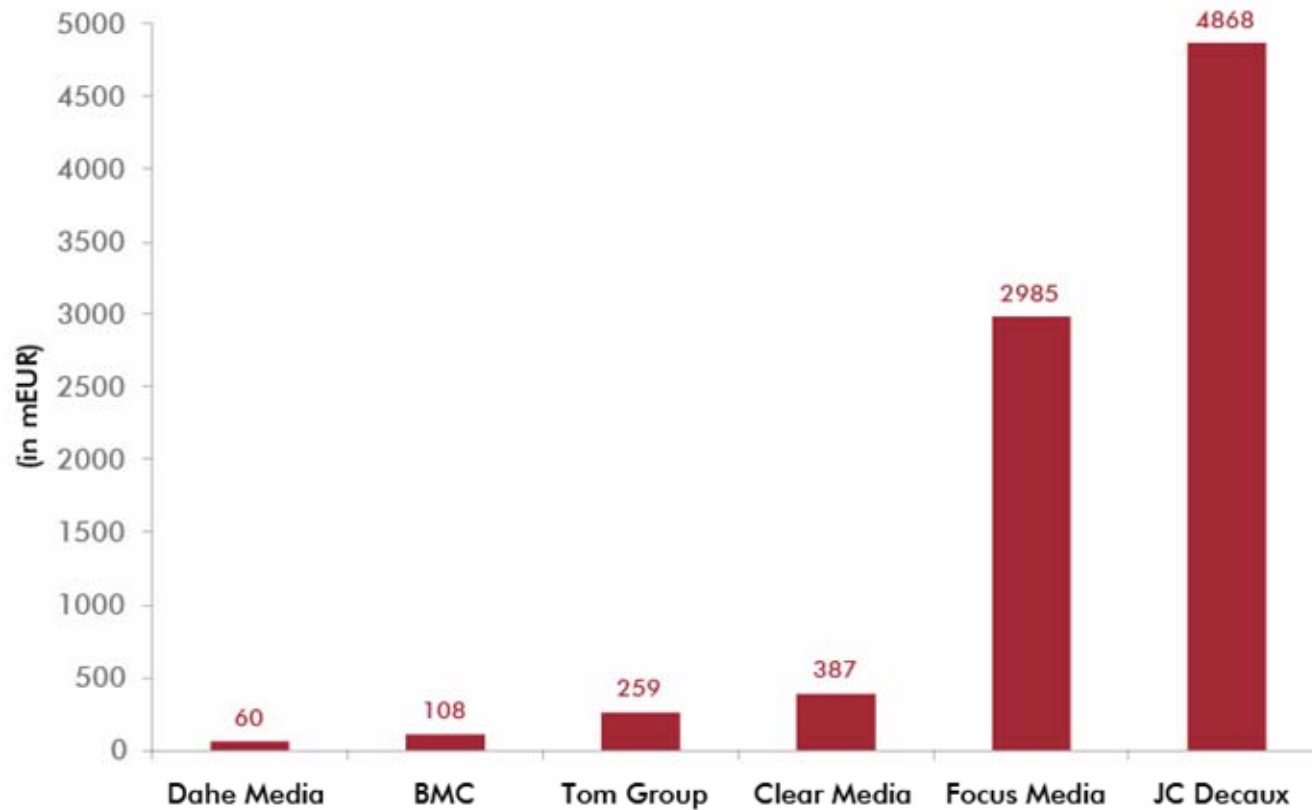
Valuation Analysis - Peer Group

P/E of BMC Peers



Valuation Analysis - Peer Group

Market Capitalization of BMC & it's Peers



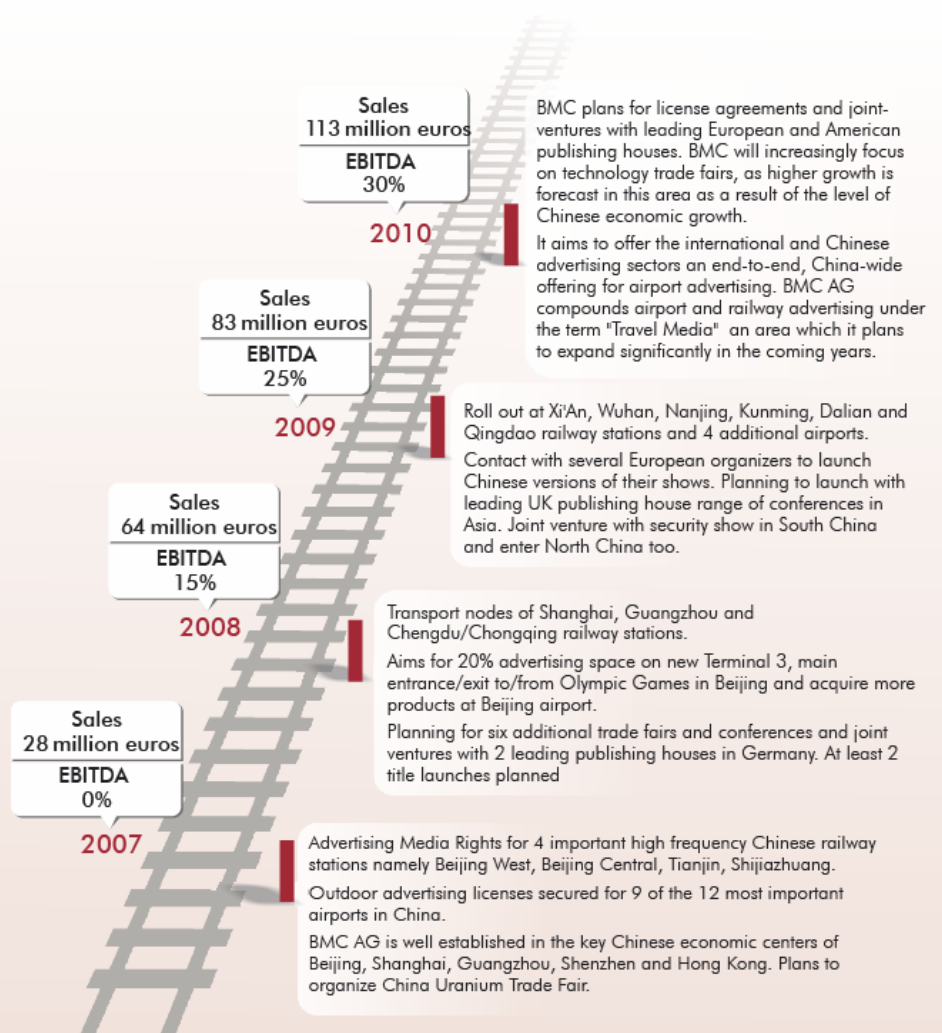
Source:
Bloomberg,
August 18, 2006

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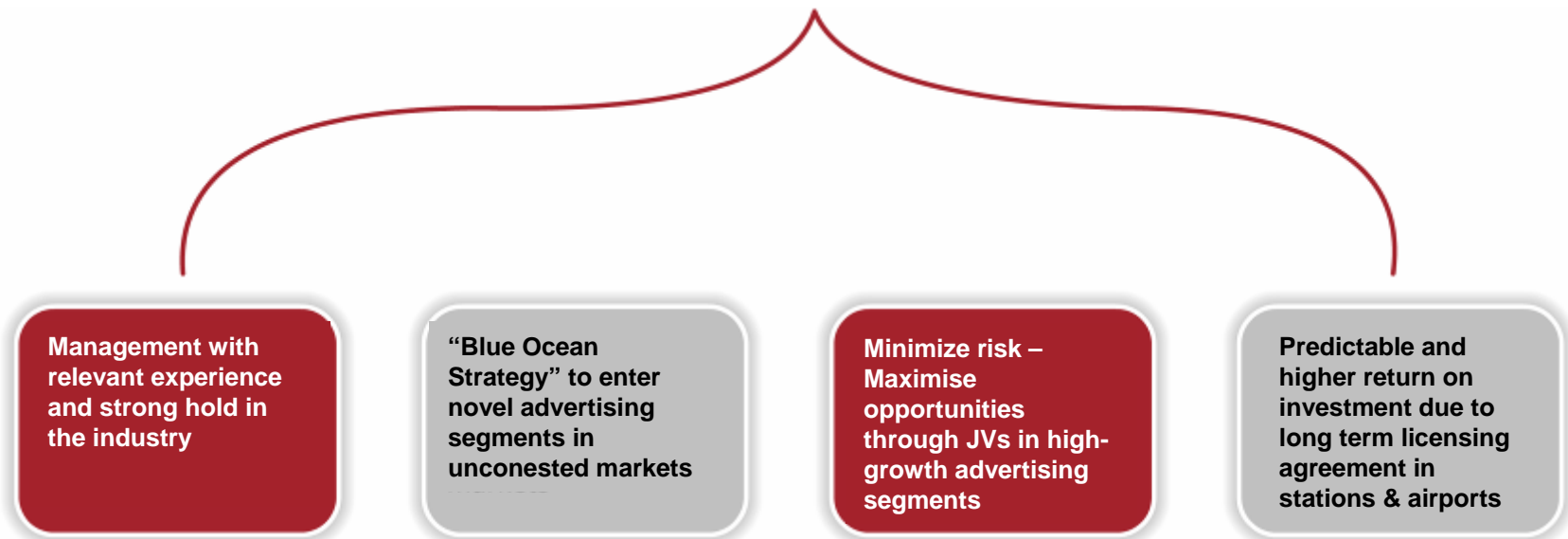
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Roadmap Summary

BMC AG



Summary - Investment Case



Thank you!

谢谢！