



## Media release

Basel, 5 September 2017

### **MCH Group: robust first-half result in a challenging environment**

- **Operating income CHF 305.6 million, EBITDA CHF 63.7 million, EBIT CHF 30.1 million, group profit CHF 26.5 million.**
- **Declines due to the situation on the national market and market consolidations in the watch and jewellery industry.**
- **Significantly lower annual result expected for 2017 by comparison to previous years.**
- **New initiatives will ensure a positive trend in the result over the medium term.**

The MCH Group has posted a consolidated first-half result for the reporting period from 1 January to 30 June 2017 which is considerably below the result for the corresponding period in previous years. The declines due to exhibition cycles, the market and the investments made are within the limits that began to emerge in 2016 already.

2017 is a weaker year in terms of exhibition schedules, without the nationally leading construction trade fair of Swissbau, which is only held in the even-numbered years, and is thus comparable with 2015. Since then, however, various factors with a negative impact on MCH Group's exhibition and event business have become more pronounced. These include the strong Swiss franc, market consolidations in the watch and jewellery sector and the automotive industry, and also digital transformation and an increasing restructuring of marketing budgets. For most national exhibitions, and also for national business in the field of live marketing solutions, these – and other factors – are leading to declines. In 2017, they also had an impact on the Baselworld Watch and Jewellery Show in particular for the first time.

Set against these negative factors and developments is the successful implementation of a number of strategic initiatives in the first half of 2017, including the acquisition of the MC<sup>2</sup> (“MC-squared”) company group, a leading service company in the exhibition and event market in the USA. While the cost of this acquisition, which is by far the biggest ever in the more than 100-year history of the

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MCH Group, has an impact on the first-half result for 2017, the positive effects of the acquisition on this result have still been very limited. The consolidation period of only two months also coincides with a time at which business activity is comparatively weak for seasonal reasons.

### **Income statement**

Consolidated operating income for the reporting period from 1 January to 30 June 2017 totals CHF 305.6 million. This is 9.4 % below the first six months of the previous year with its strong exhibition schedule and 1.5 % below this same period in 2015, which is comparable in terms of the number of exhibitions staged. Additional expenditure incurred in developing and realising a number of different strategic initiatives has led to a clear decline in operating results and group profit: The EBITDA is CHF 63.7 million and approximately one third below the figure for the previous two years. The EBIT and group profit have fallen to about half the value for the previous two years. The EBIT is CHF 30.1 million and the consolidated group profit (without minorities) CHF 26.5 million.

### **Balance sheet**

The balance sheet total is CHF 171.1 million below the figure for the reference date of 31.12.2016. This is due to the repayment of a loan of CHF 50 million to the Canton of Basel-Stadt and the direct offsetting against equity of the goodwill associated with the acquisition of MC<sup>2</sup>. In the first six months of 2017, it proved possible to further increase the equity ratio from 47.9 % to 50.5 %.

The balance sheet total as per 30 June 2017 is CHF 744.9 million, comprising current assets of CHF 210.3 million and fixed assets of CHF 534.6 million. The liabilities side shows outside capital of CHF 368.7 million and equity of CHF 376.2 million.

### **Expectations 2017 and outlook**

It is not possible to linearly extrapolate the present half-year result and draw conclusions regarding the expected result for 2017 as a whole. The MCH Group's exhibition schedule in the first half of the year is always more tightly packed and generates more income than in the second half, which similarly takes in the summer months when no events are held. Over the past few years, therefore, the result for the year (group profit) has always been about CHF 20 million below the half-year result.

In terms of the expected annual result for 2017, it is important to remember not only the normal seasonal fluctuations but also the general economic setting and the effect of the consolidation of MC<sup>2</sup>. The MCH Group is expecting a result for 2017 that will be at least 50 % below that of the 2016 result of CHF 34.3 million.

The consequences of the major changes coming about in the watch and jewellery industry will have an even greater impact on Baselworld 2018 than has been the case in 2017. In close cooperation with the principal exhibitors, decisive adjustments to the show concept are being worked out and implemented for Baselworld 2018 and for the years to follow. These include shortening the show by two days, considerably reducing the number of exhibitors and also further measures for

reducing the cost of participation. These measures will have a substantial impact on the MCH Group's results over the years to come.

The market-related declines in the course of business cannot yet be fully offset in 2018 by the positive effects of the initiatives implemented in 2016 and 2017, together with the further strategic initiatives that have been launched. For 2018, the MCH Group is thus expecting a result in the range of the expected result for 2017. The group is, however, confident of achieving a positive development in its result again in the medium term thanks to a number of new initiatives.

The detailed first-half report with the group income statement and group balance sheet is available at <http://www.mch-group.com/de-CH/News/Reports.aspx>

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**MCH Group**

The MCH Group with its head office in Basel is a leading international live-marketing company with a comprehensive services network spanning the entire exhibition and event market. It owns the exhibition companies in Basel, Lausanne and Zurich as well as different companies offering live-marketing solutions. The group organises and hosts some 90 exhibitions, including the globally leading shows of Baselworld and Art Basel in Basel, Miami Beach and Hong Kong.