

MCH Group

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Marked increase in sales to a new
all-time high
- ▶ EBITDA CHF 72.4 million –
Clear increase in the operating result
- ▶ Group profit CHF 37.6 million –
Profit only just short of the figure for
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3 September 2013

MCH Group Ltd. | 4005 Basel

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Since Swissbau is only held every two years, the odd years are always weaker than the even years due to the individual exhibition schedules. The consolidated first-half result of the MCH Group for the period from 1 January to 30 June 2013 is thus all the more gratifying: operating income stands at CHF 344.9 million (same period 2012 CHF 266.2 million / 2011 CHF 225.3 million). The EBITDA is CHF 72.4 million (same period 2012 CHF 66.7 million / 2011 CHF 52.2 million), and the group profit CHF 37.6 million (same period 2012 CHF 39.5 million / 2011 CHF 25.2 million).

The balance sheet structure as per 30 June 2013 shows a balance-sheet total of CHF 865.9 million (as per 31 December 2012, CHF 885.8 million), with current assets of CHF 215.7 million (CHF 253.4 million) and fixed assets of CHF 650.2 million (CHF 632.4 million). The liabilities side accordingly shows outside capital of CHF 501.5 million (CHF 556.5 million) and equity of CHF 364.4 million (CHF 329.3 million).

Greatly increased earning power

With operating income boosted by CHF 78.7 million (29.6 %) compared with 2012 and by CHF 119.6 million (53.1 %) compared with 2011, the sales achieved in the first six months of 2013 constitute a new record for the company. This earning power has made it possible to more than offset the additional operating and financial expenditure that was associated especially with the new concept for the BASELWORLD watch and jewellery show and the new Messe Basel hall complex. Compared with 2012, the EBITDA was stepped up by CHF 5.7 million (8.5 %) and, compared with 2011, by CHF 20.2 (38.7 %). Despite first-time depreciation and the additional financing costs for the construction of the new hall complex, the group profit is only CHF 1.9 million (4.8 %) below the same period for the Swissbau year of 2012, and is CHF 12.4 million (49.2 %) above the same period for 2011.

This good result is attributable first and foremost to the success of the world shows of BASELWORLD, Art Basel in Basel and Art Basel in Hong Kong and also to an increase in the event services business – especially for stand construction. With the new concept for the BASELWORLD watch and jewellery show, which was also held in the new hall complex at Messe Basel for the first time, a new price system was brought into operation and an extended range of services introduced. The new design for the show, with the production of a large number of new

stands, additionally had a positive impact on the stand construction sector. This special effect will not, however, be repeated to the same extent in the years to come.

Operating income by business field

Operating income in the business fields of Exhibitions and Event Infrastructure (own exhibitions, third-party exhibitions, congresses, and other hall and room rentals) amounts to CHF 262.1 million for the first half of 2013, accounting for 76.0 % of overall operating income (CHF 220.7 million and 82.9 % for the same period in 2012). At CHF 82.8 million, the Event Services business field thus has a share of 24 % in overall operating income (2012 CHF 45.5 million and 17.1 %). This does not include operating income of the event services companies, totalling a further CHF 35 million or so, which is invoiced via the exhibition companies and is hence included under the Exhibitions business field in the consolidated accounts.

In the first six months of 2013, the MCH Group staged eight exhibitions of its own, with seven of these taking place in Basel, Zurich and Lausanne, while Art Basel was held in Hong Kong. The group was also involved in two joint ventures and hosted 25 third-party exhibitions, which various organisers held at the MCH Group's locations. A total of 7,237 exhibiting companies took part in these 35 exhibitions, which attracted more than a million visitors.

Expectations for 2013

The MCH Group's exhibition schedule during the first six months of the year is always much more tightly packed and generates more income than in the second half, which similarly takes in the summer months when no events are held. In the second half of 2013, higher depreciation and financing costs will similarly be incurred for the new building in Basel. Operating income clearly in excess of CHF 400 million is to be expected in the annual accounts; the expected group profit will be below the first-half result and between the group profit for 2011 and 2012.

An exceptional six months

The first half of 2013 doubtless constitutes the most exceptional six months in the history of the MCH Group. It has also generated similarly exceptional half-year results.

The completion and commissioning of the new hall complex in Basel, the setting up and staging of the fundamentally redesigned world watch and jewellery show, BASELWORLD 2013, and the holding of the first Art Basel in Hong Kong: over the first six months of 2013, we brought three big projects, which we had been working on intensively for several years, to a successful conclusion. This was probably the most extraordinary period in the history of our company, which will soon have spanned 100 years. And a period that will have a sustainable impact on the next few years too.

Even if we never seriously doubted that these projects would be successfully completed, there was certainly no guarantee that this would be the case. We can thus be highly satisfied with these results:

The new hall complex, which, at CHF 430 million, is the biggest investment ever made in the Swiss exhibition industry, was completed on time and within the set budget. It not only fulfils the expectations in respect of its architectural and urban appeal but – what is just as important for us – it also fully meets our functional and operating requirements, as has already been seen in the meantime.

The customers at BASELWORLD 2013 also expressed their delight at both the new hall complex and the new show layout. And it must be stressed here that it was only possible to implement the new show concept as a result of the exhibitors' willingness to engage in large-scale investments in new stands. This similarly underlines their strong commitment to the show, as the globally leading platform for the industry.



The reactions to the first staging of Art Basel in Hong Kong in this new form were also exceedingly positive. They show that this strategic move to expand and strengthen the Art Basel brand has been made at the right time and in the right place. The successful holding of Art Basel in Hong Kong and in Basel within a month of each other also highlights the capabilities of the MCH Group and the Art Basel Team in this respect.

Given that these projects have occasioned higher operating expenditures and, in the case of the new hall complex, higher depreciations plus additional financing costs, the first-half result is exceedingly gratifying. Thanks to the marked increase in income, we have been able to more than offset the additional expenditure, as is reflected in the EBITDA and in the group profit that constitute new record values for a year without Swissbau.

It must, however, be borne in mind that this increase in income during the first half of 2013 is to some extent due to special effects – in particular, in conjunction with the production of new exhibition stands for BASELWORLD – which will not come about in the second half of the year and will also not be repeated in the years to come. The higher depreciation and increased financing costs will, however, recur. The first-half result is thus actually much more exceptional than the annual result will be. But the annual result will doubtless be satisfactory too.

René Kamm
CEO MCH Group

A handwritten signature in black ink, appearing to read 'R. Kamm'.

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A milestone in
the history of
the MCH Group:
BASELWORLD
2013



Group income statement and balance sheet for the first-half result for 2013

Group income statement (abridged)	01.01. – 30.06.2013		01.01. – 30.06.2012		01.01. – 30.06.2011	
	million CHF	%/income	million CHF	%/income	millio CHF	%/income
Operating income	344.9		266.2		225.3	
Operating expenditure	-302.3		-224.2		-196.9	
Operating result	42.6		42.0		28.4	
Financial result net	-1.6		-1.0		-2.2	
Result from ordinary activities	41.0		41.0		26.2	
Result of associated organisations	0.0		0.0		0.0	
Result before tax	41.0		41.0		26.2	
Income tax	-2.4		-0.1		-0.8	
Result after tax	38.6		40.9		25.4	
Minority interests	-1.0		-1.4		-0.2	
Group profit	37.6	10.9	39.5	14.8	25.2	11.2
EBITDA	72.4	21.0	66.7	25.1	52.2	23.2
EBIT	43.1	12.5	42.4	15.9	28.8	12.8

Operating income by business field	01.01. – 30.06.2013		01.01. – 30.06.2012		01.01. – 30.06.2011	
	million CHF	%	million CHF	%	million CHF	%
Exhibitions	249.5	72.3	206.4	77.5	165.2	73.3
Event Infrastructure	12.6	3.7	14.3	5.4	14.1	6.3
Event Services	82.8	24.0	45.5	17.1	46.0	20.4
Total operating income	344.9	100.0	266.2	100.0	225.3	100.0

Group balance sheet (abridged)	30.06.2013		31.12.2012	
	million CHF	%	million CHF	%
Current assets	215.7	24.9	253.4	28.6
Non-current assets	650.2	75.1	632.4	71.4
Total assets	865.9	100.0	885.8	100.0
Short-term liabilities	125.0	14.4	231.5	26.1
Long-term liabilities	376.5	43.5	325.0	36.7
Total liabilities	501.5	57.9	556.5	62.8
Shareholders' equity	364.4	42.1	329.3	37.2
Total equity and liabilities	865.9	100.0	885.8	100.0

Notes to the first-half result for 2013

1. Accounting principles

The present consolidated half-year financial statement takes in the non-audited first-half result for MCH Group Ltd. and its subsidiaries for the reporting period ending 30 June 2013. The abridged first-half financial statements have been drawn up in accordance with the current guidelines of the Swiss GAAP FER 12 professional recommendations.

2. Sales by business field

The operating income of the business fields is shown subsequent to consolidation. The Exhibitions business field takes in all income from exhibitions and related services with a direct bearing on exhibitions. The Infrastructure business field covers the rental business for the hall infrastructure (third-party events, no MCH exhibitions) and general services, while the Event Services business field covers services that are directly invoiced to the customers by the service companies.

3. Seasonal fluctuation

In view of the major seasonal fluctuations in the exhibition business, it is impossible to extrapolate the first-half result on a linear basis and draw conclusions regarding the expected annual result. The biggest exhibitions in the 2013 event calendar were held in the first six months of the year – especially BASELWORLD – which is why, in the first-half result for MCH Swiss Exhibition (Basel) Ltd., the depreciation of the fixed assets at the Basel location has been increased in proportion to the actual physical wear and tear incurred. In addition to this, the summer months with very few events are included in the accounts for the second half of the year.

The second half will thus be considerably weaker than the first half. The MCH Group is expecting an annual profit below the figure for the first-half result.

4. Assets from employer contribution reserves

The human resources expenditure for the first half of 2013 includes once-only exceptional expenditure of CHF 1.9 million (previous year CHF 8.4 million) relating to the dissolution of assets from employer contribution reserves.

New Messe Basel Hall Complex



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8 February 2013: the overall contractor, HRS Real Estate AG, hands over the key for the new hall complex to MCH Messe Basel on time.



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23 April 2013: on the evening before the Media Day prior to the opening of BASELWORLD 2013 the new complex is inaugurated in the presence of 1000 invited guests.



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29 June 2013: some 10 000 visitors take advantage of the "Open Day" to look round the new hall complex.

You will find this report on the first-half result in digital form on the MCH Group website under "MCH Group"/ "Investor Relations". You can also register via the "News per E-Mail" link to receive all notifications of relevance to the stock exchange by e-mail in future.

Visit the MCH Group's blog and subscribe to the contributions. You will then be kept up-to-date with interesting information on the MCH Group.
<http://blog.messe.ch>

You will also find the MCH Group at:



Dates

25 March 2014
Financial result for 2013

24 April 2014
Annual Report 2013

22 May 2014
Annual General Meeting 2014
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