



First-half-result 2016  
MCH Group

# MCH Group posts a sound first-half result despite a difficult operating environment

- Operating income CHF 335.5 million, EBITDA CHF 92.0 million, EBIT CHF 59.9 million, group profit CHF 56.1 million
- Sales and result clearly above the same period of the previous year and at the same level as the cyclically comparable first half of 2014
- Expectations for the 2016 business year in the region of the two previous years

The MCH Group has posted a good consolidated first-half result for the reporting period from 1 January to 30 June 2016 in the light of the challenging market environment.

Given the different frequencies of the non-annual exhibitions and a number of other factors, direct comparisons with previous years are only of limited information value. With Swissbau, which is held only in the even-numbered years, 2016 is a stronger year in terms of exhibition schedules than the previous year and is comparable with this same period in 2014.

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## Stable development in sales and result

Consolidated operating income for the reporting period from 1 January to 30 June 2016 totals CHF 335.5 million. This is 8.8 % above the first six months of the previous year (CHF 308.5 million) and at the same level as the cyclically comparable first half of 2014 (CHF 335.8 million.).

The operating results and group profit have similarly been boosted by comparison with the same period in 2015 due to the exhibition cycles and are almost on a par with the record values for the first half of 2014. The EBITDA is CHF 92.0 million (up 6.9 % on 2015, down 2.9 % on 2014) and the EBIT CHF 59.9 million (up 8.9 % on 2015, down 5.2 % on 2014). The resultant consolidated group profit is CHF 56.1 million. This is 15.2 % above the same period for 2015 and 1.1 % down on 2014.

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## Group balance sheet strengthened

It proved possible to further strengthen the consolidated group balance sheet over the first half of 2016. The balance sheet structure as per 30 June 2016 shows a balance-sheet total of CHF 864.2 million (as per 31 December 2015, CHF 914.3 million), comprising current assets of CHF 298.7 million (CHF 322.0 million) and non-current assets of 565.5 million (CHF 592.3 million). The side of equity and liabilities show liabilities of CHF 403.6 million (CHF 506.4 million) and shareholder's equity of CHF 460.6 million (CHF 407.9 million). Over the first six months of 2016, the shareholder's equity ratio was thus increased from 44.6 % to 53.3 %.

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## Operating income by division

Operating income in the "Exhibitions" Division (MCH Group exhibitions, including related services) totals CHF 264.8 million in the first half of 2016, accounting for 78.9 % of group operating income (74.7% for the same period in the previous year). The "Venues" Division recorded operating income of CHF 19.9 million, accounting for 5.9 % of overall operating income (7.2 %). Operating income for the "Live Marketing Solutions" Division totals CHF 50.8 million, or 15.2 % of the group's operating income (18.1 %).

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## Difficult operating environment

The result for the cyclically strong first half of 2016 reflects the more difficult economic environment but also underlines the fact that the MCH Group is successfully living up to the big challenges it faces. At national level, the exhibition and event business is confronted with the negative consequences of the strong franc, while the economic situation at the international level is characterised by a large number of negative factors, especially the developments in the BRIC states. This situation is also making its mark on the exhibition and event business and may well continue to have a negative impact on these in the years to come.



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#### An anniversary half year with many events

In the first six months of 2016, the MCH Group staged 13 exhibitions of its own. Twelve of these took place in Basel, Zurich and Lausanne, while Art Basel was staged in Hong Kong. The group also hosted 22 third-party exhibitions at its locations in Switzerland. Some 8 850 exhibiting companies took part in these 35 exhibitions, which registered 1 031 000 visitors.

Added to this, 150 other events were held in the MCH Group's exhibition halls and congress/conference rooms, and the "Live Marketing Solutions" companies implemented 850 projects.

The 100th muba which was staged in April 2016 is synonymous with the 100th anniversary of the MCH Group. The group's lively history and impressive development have been honoured and celebrated with a large number of activities over the past six months.

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#### Corporate development

In January 2016, the MCH Group set up MCH Global AG to strengthen and focus its competence at the higher-ranking level of strategy and conceptual design for live marketing solutions. MCH Global provides strategic and conceptual design consultancy services to organisations, promoters and companies in the fields of culture, sports and corporate events, on a worldwide basis. It can similarly assist them with the overall planning for the implementation of their live marketing projects.

The MCH Group is planning to build up a portfolio of leading regional art shows with the aim of acquiring new market shares in the international art market in addition to Art Basel. A newly created Business Unit which is in charge of developing this strategic initiative, independently of Art Basel, is currently conducting talks with a number of potential partners regarding different cooperation options.

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#### Expectations for 2016

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. The seasonal fluctuation is always greater in the even-numbered years than in the odd-numbered years on account of Swissbau, which similarly takes place in the first half of the year. This will be cushioned slightly in 2016 since two exhibitions that are held every three years are being staged in the autumn. The negative impact of the strong franc will similarly be felt at a number of national exhibitions in autumn 2016.

In view of the seasonal fluctuations and the influence of the different exhibition frequencies, as well as the economic environment, it is not possible to linearly extrapolate the half-year result and draw conclusions regarding the expected result for 2016. The MCH Group is expecting the result for 2016 to be in the region of the results for the past two years.



## Group Cash Flow Statement

Group Cash Flow Statement (abridged)	01.01.–30.06.2016	01.01.–30.06.2015
	CHF million	CHF million
Net cash flow from operating activities	-26.9	-4.8
Net cash flow from investment activities	-5.1	-8.7
Net cash flow from financing operations	-1.7	-3.7
Currency translation differences	-0.2	-0.2
<b>Net cash flow</b>	<b>-33.9</b>	<b>-17.4</b>
Cash and cash equivalents at the beginning of the reporting period	211.1	153.3
Cash and cash equivalents at the end of the reporting period	177.2	135.9

The net cash flow from operating activities can be negative in the first six months on account of the exhibition schedule, since a large number of the invoices for services at the spring exhibitions (Swissbau, Baselworld, muba) are paid in the fourth quarter of the previous year already. For the 2016 business year, a certain amount of income from Swissbau was also entered into the books in the fourth quarter of 2015 already. Apart from this, in the first half of each year, a corresponding outflow is incurred on setup and operating expenditure for these spring exhibitions.

## Development of Consolidated Shareholders' Equity

Development of Consolidated Shareholders' Equity (abridged)	Share capital	Capital reserves	Retained earnings	Minority interests	Total
	CHF million	CHF million	CHF million	CHF million	CHF million
As per 01.01.2015	60.1	74.3	246.6	0.3	381.3
Currency translation differences			-0.1		-0.1
Goodwill			-1.8		-1.8
Dividend 2014, paid in 2015			-3.0		-3.0
Group profit 01.01.2015 – 30.06.2015			48.7	-0.2	48.5
<b>As per 30.06.2015</b>	<b>60.1</b>	<b>74.3</b>	<b>290.4</b>	<b>0.1</b>	<b>424.9</b>
As per 01.01.2016	60.1	74.3	273.3	0.2	407.9
Currency translation differences			-0.2		-0.2
Dividend 2015, paid in 2016			-3.0		-3.0
Group profit 01.01.2016 – 30.06.2016			56.1	-0.2	55.9
<b>As per 30.06.2016</b>	<b>60.1</b>	<b>74.3</b>	<b>326.2</b>	<b>0.0</b>	<b>460.6</b>

# Notes to the first-half result 2016

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## 1. Accounting principles

The present consolidated half-year financial statement takes in the non-audited first-half accounts for MCH Group Ltd. and its subsidiaries for the reporting period ending 30 June 2016. The abridged first-half financial statement has been drawn up in accordance with the current guidelines of the Swiss GAAP FER 31 professional recommendations (complementary recommendations for listed companies).

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## 2. Sales by division

The operating income of the divisions is shown subsequent to consolidation. The “Exhibitions” Division takes in all income from exhibitions and related services. The “Venues” Division covers the rental business for the hall infrastructure (third-party events, no MCH Group exhibitions) and general services. The “Live Marketing Solutions” Division covers services that are directly invoiced to the customers by the services companies.

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## 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 2016 event calendar were held in the first six months of the year (especially Baselworld and Swissbau) which is why, in the first-half result for MCH Swiss Exhibition (Basel) Ltd., the depreciation of the fixed assets has been increased in proportion to the actual physical wear and tear incurred. In addition, the summer months with very few events come in 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 group profit which will be below the figure for the first-half result and in the region of the result for the 2014 and 2015 financial years.

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## 4. Changes in consistency/regrouping

In the course of allocating operating income to the individual divisions, changes were made in the 2015 financial year in cost-group allocation between the “Exhibitions”, “Venues” and “Live Marketing Solutions” Divisions. In particular, income from parking and external rentals, and also the facility management of the tower building at the Basel location, is now allocated to the Venues Division.

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The report on the first-half result is posted on the MCH Group website under “News”/“Reports”. Printed copies will only be sent out on request.

On the MCH Group website, you can register under “MCH Group”/“Investor Relations”/“News per E-Mail” to receive all notifications of relevance to the stock exchange by e-mail.

You will also find the MCH Group at:



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## Agenda

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5 April 2017  
Financial result and Annual Report 2016 MCH Group

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26 April 2017  
General Meeting MCH Group Ltd.

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Basel, 6 September 2016

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The First-Half Report 2016 of the MCH Group is published in German, English and French. The German version is binding.