



First-half-result 2019  
MCH Group

# First-half result 2019 reflects the necessary realignment

- First half of 2019 compared with the previous year: decline in operative income and group result due to exhibition cycles, Baselworld and structural measures.
- Initial positive effects of the restructuring measures, transformation process being intensively pursued.
- Expectation for 2019: loss announced on operating activities, without extraordinary expenditure, of the same order of magnitude as for 2018, group result considerably better than for the previous two years.

The consolidated first-half result for the reporting period from 1 January to 30 June 2019 is, as expected, considerably below the comparable figures for the first half of the previous year. This is due primarily to the weaker exhibition cycle with no Swissbau, the declines in Baselworld and structural changes, including the sale of Winkler Livecom AG. The restructuring process initiated in 2018 and continued in the first half of 2019 is having its first positive effects.

---

## Income statement and balance sheet

Consolidated operating income for the reporting period from 1 January to 30 June 2019 totals CHF 272.1 million. This is 23.7% below the first six months of the previous year (CHF 356.6 million). The operating expenses of CHF 252.7 million has fallen by 16.7% compared with the previous year (CHF 303.2 million). Profitability has thus also declined by comparison to this same period the previous year. The operating result is CHF 3.1 million (CHF 25.7 million). The group result shows a loss of CHF -1.0 million (previous year a profit of CHF 21.5 million).

The balance sheet total as per 30 June 2019 is CHF 458.0 million (as of 31 December 2018, CHF 498.2 million), comprising current assets of CHF 227.2 million and non-current assets of CHF 230.8 million. The liabilities and shareholders' equity side shows liabilities of CHF 401.6 million and shareholders' equity of CHF 56.4 million. The equity ratio is 12.3% (as of 31 December 2018, 11.4%). During the reporting period, cash and cash equivalents declined from CHF 129.5 million to CHF 115.5 million.

---

## Most important factors

Swissbau is only staged in the even years, with the corresponding impact on the first-half result for 2019 and the comparison with the previous year. The reduction in sales of the Exhibition division by CHF 60.7 million (28.6%) is due not only to this cyclic effect but, first and foremost, to further declines in Baselworld and a number of national exhibitions. Art Basel (staged in Hong Kong and Basel during the first half of 2019) further strengthened its leading market position and economic stability.

The U.S. MC<sup>2</sup> Group recorded a gratifying increase in sales over the first half. The chief reasons for the reduction in sales of the Live Marketing Solutions division by CHF 22.4 million (17.7%) compared with the first half of 2018 are the sale of Winkler Livecom AG and the follow-on effects of Baselworld, where developments are also reflected in the exhibition-dependent services business.

---

## Changes in the Executive Board

On 12 June 2019, Hans-Kristian Hoejsgaard, interim CEO since September 2018, handed the operational management of the company to the new CEO, Bernd Stadlwieser. On 1 November 2019, Andreas Oliver Eggimann will be joining the MCH Group and taking on the newly defined tasks of Chief Digital & Innovation Officer (CDIO). The Executive Board will then have attained its full membership again.

---

## Transformation

The transformation process launched in summer 2018 has been pursued intensively over the first half of 2019. The Board of Directors has deployed a Strategy Committee which, under the leadership of Hans-Kristian Hoejsgaard, is working in close cooperation with the Executive Board and with the support of external specialists to define the future business areas together with their strategy and organisational structure. This process is scheduled for completion by the end of 2019 so that a start can be made on implementation at the beginning of 2020.

The transformation process is well on track and has reached an advanced stage. On 19 September 2019, the MCH Group will provide key information on the future strategic alignment of the company.

---

## Already implemented measures

In parallel to the ongoing strategy process, various restructuring measures have been implemented over the past few months. The MCH Group sold Winkler Livecom AG as per 31 December 2018. It additionally sold its stakes in Art Düsseldorf at the end of May 2019.

In the context of the current strategic realignment, the MCH Group has taken the decision not to make any further investments in Grand Basel for the moment so that it can focus on other strategic initiatives. Whether this topic is to be taken up again in any form will be looked into in 2020.

Since the start of 2019, employee numbers in Switzerland have been reduced by 50 to approximately 520 people. This has necessitated some 30 dismissals. The MCH Group held a voluntary consultation procedure in the framework of the dismissals resulting from the restructuring and drew up a social plan with employee representatives.

---

## Prospects

In view of the seasonal fluctuations in the event calendar and the summer months when no events are staged, it is impossible to extrapolate the half-year result on a linear basis and draw conclusions regarding the expected result for the year as a whole.

The second half of 2019 will be weaker than the first half, but with Igeho, which is staged every two years, and Ilmac and Holz, staged every three years, the result will be above the second half of 2018. The savings measures already introduced and the streamlining of the exhibition portfolio will serve to reduce costs.

As already announced, the MCH Group is expecting a further loss in operating activities and further restructuring costs in the 2019 business year. The MCH Group is expecting a loss on operating activities, without extraordinary expenditure, of the same order of magnitude as for 2018. No figures can be put on the restructuring costs and the corresponding extraordinary expenditure as yet, since the restructuring process is still ongoing. No further value adjustments are expected for the exhibition buildings, which is why the group result will be considerably better than for the two previous years.

## Group income statement and balance sheet for the first-half result for 2019

Group income statement (abridged)	01.01.–30.06.2019		01.01.–30.06.2018		01.01.–30.06.2017	
	CHF million	%/income	CHF million	%/income	CHF million	%/income
Operating income	272.1		356.6		305.6	
Operating expenses	-252.7		-303.2		-241.9	
Depreciation	-16.3		-27.7		-33.6	
Operating result	3.1	1.1	25.7	7.2	30.1	9.8
Result of associated organisations	0.2		0.1		-0.5	
Financial result net	-2.4		-3.0		-1.9	
Result before taxes	0.9		22.8		27.7	
Income tax	-1.9		-1.3		-1.3	
Loss / Profit for the period	-1.0	-0.4	21.5	6.0	26.4	8.6
of which attributable to non-controlling interests	-0.3		-0.4		-0.1	
of which attributable to the shareholders of the parent company	-0.7		21.9		26.5	
	01.01.–30.06.2019		01.01.–30.06.2018		01.01.–30.06.2017	
	CHF		CHF		CHF	
Result per share in CHF (diluted / undiluted)	-0.12		3.65		4.40	
Earnings per share (diluted / undiluted)						
Operating income by divisions	01.01.–30.06.2019		01.01.–30.06.2018		01.01.–30.06.2017	
	CHF million	%	CHF million	%	CHF million	%
Exhibitions (MCH exhibitions)	151.2	55.6	211.9	59.4	222.4	72.8
Venues (third-party events)	16.7	6.1	18.1	5.1	20.5	6.7
Live Marketing Solutions	104.2	38.3	126.6	35.5	62.7	20.5
Total operating income	272.1	100.0	356.6	100.0	305.6	100.0

No relevant Swiss or international direct competitor currently discloses their segment results or is required to disclose the figures and segment results in a comparable manner. For this reason, the MCH Group is dispensing with the presentation of its segment results, since detailed reporting of the company's cost and earnings structure could produce competitive disadvantages compared with competitors.

Group balance sheet (abridged)	30.06.2019		31.12.2018	
	CHF million	%	CHF million	%
Total current assets	227.2	49.6	250.0	50.2
Total non-current assets	230.8	50.4	248.2	49.8
Total assets	458.0	100.0	498.2	100.0
Total current liabilities	114.1	24.9	152.9	30.7
Total non-current liabilities	287.5	62.8	288.4	57.9
Total liabilities	401.6	87.7	441.3	88.6
Total shareholders' equity	56.4	12.3	56.9	11.4
Total liabilities and shareholders' equity	458.0	100.0	498.2	100.0

## Group Cash Flow Statement

Group Cash Flow Statement (abridged)	01.01.–30.06.2019	01.01.–30.06.2018
	Mio. CHF	Mio. CHF
Net cash flow from operating activities	-18.2	1.0
Net cash flow from investment activities	3.9	-5.6
Net cash flow from financing operations	0.3	100.4
Currency translation differences	0.0	1.1
<b>Net cash flow</b>	<b>-14.0</b>	<b>96.9</b>
Cash and cash equivalents at the beginning of the financial period	129.5	115.9
Cash and cash equivalents at the end of the financial period	115.5	212.8

The net cash flow from operating activities can be negative in the first six months on account of the exhibition schedules, since a large number of the invoices issued for services at the spring exhibitions (Baselworld) are paid in the fourth quarter of the previous year already. In addition to this, in the first half of each year, a corresponding outflow is incurred on the setup and operating expenditure for these spring exhibitions. In the first half of 2019, the stake in Art Düsseldorf and a warehouse building were sold. In the 2018 business year, income from Swissbau was entered into the books in the fourth quarter of 2017 already.

## 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 of 01.01.2018	60.1	74.3	97.9	1.4	233.7
Currency translation differences			1.2		1.2
Goodwill from investment			-0.3		-0.3
Group profit 01.01.–30.06.2018			21.9	-0.4	21.5
<b>As of 30.06.2018</b>	<b>60.1</b>	<b>74.3</b>	<b>120.7</b>	<b>1.0</b>	<b>256.1</b>
As of 01.01.2019	60.1	74.3	-78.8	1.3	56.9
Currency translation differences					0
Goodwill from investment			0.5		0.5
Loss of the period 01.01.–30.06.2019			-0.7	-0.3	-1.0
<b>As of 30.06.2019</b>	<b>60.1</b>	<b>74.3</b>	<b>-79.0</b>	<b>1.0</b>	<b>56.4</b>

# Notes to the first-half year result 2019

---

## 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 2019. 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).

---

## 2. Operating income by divisions

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

---

## 3. Change in consolidation scope

On 31.12.2018, Winkler Livecom AG was sold to the management and a private investor. In May 2019, the MCH Group sold its 25.1 % stake in Art Düsseldorf.

---

## 4. Seasonal fluctuation

The biggest exhibitions in the 2019 event programme took place in the first six months of the year. This 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.

For statements on the expectations for 2019, see the comments on the first-half result.

---

The First-Half Report 2019 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:



---

Basel, 3 September 2019

MCH Group Ltd., 4005 Basel  
+41 58 200 20 20  
info@mch-group.com  
www.mch-group.com

---

The First-Half Report 2019 is published in German, English and French. The German version is binding.