



## Media release

Basel, 4 September 2018

### **MCH Group: First-half result 2018 in line with expectations**

- **First half 2018: Increase in sales and decline in profits compared with the previous year.**
- **Expectations for 2018: Negative result from operating activity and renewed value adjustment for the infrastructure in Basel.**
- **Action plan for the necessary transformation process drawn up and being implemented.**
- **Hans-Kristian Hoejsgaard new CEO ad interim.**

For the reporting period from 1 January to 30 June 2018, the MCH Group has posted a consolidated first-half result which is in line with expectations. Despite a substantial decline in earnings from the Baselworld Watch and Jewellery Show, a clear increase in operating income was achieved by comparison with the first half of the previous year, primarily on account of the strong exhibition schedule (Swissbau) and the MC2 effect, which had an impact over the entire reporting period for the first time. The group profit is 17 % below the figure for this same period the previous year, due first and foremost to the reduced earnings from Baselworld.

#### **Income statement and balance sheet**

Consolidated operating income for the reporting period from 1 January to 30 June 2018 totals CHF 356.6 million and is 16.7 % above the figure for the first six months of the previous year (CHF 305.6 million). The operating expenditure of CHF 330.9 million is up 20.1 % on the previous year (CHF 275.5 million). Like-for-like profitability has thus declined. The EBITDA is CHF 53.4 million (previous year CHF 63.7 million), while the EBIT is CHF 25.7 million (previous year CHF 30.1 million). The consolidated group profit (share of MCH Group shareholders) is CHF 21.9 million (previous year CHF 26.5 million), corresponding to a group profit margin of 6.1 % (previous year 8.7 %).

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The balance sheet total as per 30 June 2018 is CHF 733.9 million (as per 31 December 2017 CHF 688.2 million), which divides up into current assets of CHF 327.6 million and fixed assets of CHF 406.3 million. The liabilities side shows outside capital of CHF 477.8 million and equity of CHF 256.1 million. The equity ratio stands at 34.9 % (as per 31 December 2017 34.0 %). Over the reporting period, cash and cash equivalents have risen from CHF 115.9 million to CHF 212.8 million due to the successful placing of the CHF 100 million debut bond in April 2018.

### **Transformation process**

The MCH Group is undergoing a process of transformation in which it has to align itself to the major changes taking place in the classical exhibition and event business. Over the past few weeks, the management has been looking intensively into the continuing transformation process and has worked out a corresponding action plan. The corporate strategy of expanding the range of services offered, boosting international presence and increasing digitisation is essentially being maintained, with the different initiatives being subject to a further review on the basis of the findings already obtained. In addition to clearly focusing on those strategic projects with the highest and most sustainable potential, the organisation is to be streamlined and the synergies between the individual business fields better exploited. This transformation process will take a prolonged period of time. In addition, the future capacity utilisation of the infrastructure in Basel is to be examined in respect of potential development scenarios in the exhibition and event business.

### **Prospects results 2018**

Since the strongest events are always held in the first half of the year, and the summer months when no events are staged come in the second six months, business is always weaker in the second half and runs at a loss. With Swissbau, the first six months of 2018 have benefitted from a strong exhibition schedule, although this exhibition-cycle effect has been weakened by comparison with previous years on account of the lower revenue from Baselworld. Prodex and Swisstech will also be missing from the cyclically weak second half of 2018, since they have had to be postponed from autumn 2018 to spring 2019. In addition, the development costs for the first edition of Grand Basel are higher than originally planned.

These factors mean that the MCH Group has to correct its expectations for the 2018 annual result. The group is reckoning with a negative annual result for 2018 in the single-digit range, prior to special depreciations. It is to be expected that, on the basis of the review to be carried out, a renewed value adjustment will need to be made for the exhibition halls in Basel that can lead to an annual loss running into the three-digit millions.

## **Hans-Kristian Hoejsgaard new CEO ad interim**

As of 4 September 2018, the Board of Directors appointed Hans-Kristian Hoejsgaard as interim CEO of the MCH Group. He will be holding this function until the definitive appointment of a new CEO. Hans-Kristian Hoejsgaard is 60 years old and a Danish citizen. He has more than 30 years' experience in managerial posts in the luxury and consumer goods industry as well as in the specialist retail trade. He has also worked for various companies – including the LVMH Group – in Asia, for Georg Jensen Ltd. in Copenhagen and for the Timex Group in Connecticut in the USA. From 2011 to 2017 he was CEO of Oettinger Davidoff AG in Basel. Since 2018, he has been running his own consulting firm.

"I am delighted to be able to support the MCH Group and manage it on an interim basis until a definitive CEO has been found", says Hans-Kristian Hoejsgaard about his new function. "The MCH Group is another international Basel company that I admire and that I am familiar with as both an exhibitor and a sponsor. I am looking forward to working with the Board of Directors, the management and the employees of the MCH Group to prepare the company for the future in these strategically challenging times."

Ulrich Vischer, Chairman of the Board of Directors of the MCH Group is also delighted: "We are pleased that we have been able to appoint with Hans-Kristian Hoejsgaard such an experienced manager in this short period of time. He will be a valuable addition to our company in these challenging times."

**Note for the media:** On 4 September 2018, from 10:30 to 12:00, Dr. Ulrich Vischer, Chairman and Delegate of the Board of Directors, and CFO Beat Zwahlen will be available to the media for information and interviews – in the Messeturm Basel, 2nd floor, "Paris" meeting room, or by telephone via the following contact.

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### **MCH Group**

MCH Group is an internationally leading Live Marketing enterprise with a comprehensive network of services covering the entire exhibition and event market. It is based in Basel/Switzerland and holds the trade fairs in Basel, Lausanne and Zurich in its portfolio. It organises and hosts around 90 trade fairs. Its companies operating in the "Live Marketing Solutions" segment – MCH Global, Reflection Marketing, Rufener, Expomobilia, MC<sup>2</sup> und Winkler Livecom – are active around the world and offer customised marketing solutions in the fields of Strategy and Conception, Marketing Consulting, Event Management, Exhibition and Event Construction and Multimedia Solutions.

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