

Economic

The MCH Group's business activity consists in running the exhibition sites in Basel and Zurich (Venues), staging around 35 of its own exhibitions (Exhibitions) and providing customised services in the fields of marketing consulting, full-service experience marketing and exhibition and event structures (Live Marketing Solutions). In 2018, the MCH Group organised or hosted 945 events and took charge of almost 3,000 projects in the field of live marketing solutions.

The reporting year 2018 saw a substantial financial loss and a number of personnel changes in the company's top-level operational management. At the same time, however, it witnessed the launch of the requisite stabilisation and transformation process.



Swissbau

Despite the decline in trade fair business, sales increased to CHF 522.8 million in the 2018 financial year through the growth in the Live Marketing Solutions segment. A loss of CHF -17.6 million has, however, resulted from operating activities. Added to this come extraordinary depreciations of CHF -132.3 million for the further value adjustment required on the exhibition buildings and special charges for restructuring measures totalling CHF -40.5 million, all of which lead to a group loss of CHF -190.4 million.

“ The MCH Group has initiated the necessary stabilisation and transformation process. ”

The MCH Group is undergoing a far-reaching transformation process that has been made necessary by the fundamental changes in the exhibition and event industry. The aim of the transformation process is to convert the group's classical live event competence into an experience marketing competence in both the physical and digital fields. In summer 2018, the MCH Group defined and initiated the roadmap for the necessary transformation process. After prioritising the strategic initiatives and implementing initial restructuring measures, the corporate strategy will be redefined in the course of 2019 and a start made on its implementation.

In the past year, CEO René Kamm and three further members of the Executive Board left the company. In September 2018, Hans-Kristian Hoejsgaard took over the operational management of the group on an interim basis. In summer 2019, Bernd Stadlwieser will take over the reins as new CEO.

Details business year 2018:

[Annual Report 2018](#)

[Financial Report 2018](#)

Key figures

Group Income Statement in CHF million	2018	% of income	2018 before special measures	% of income	2017	% of income	2017 before special measures	% of income
Operating income	522.8	100.0	522.8	100.0	493.3	100.0	493.3	100.0
Exhibitions	275.2	52.6	275.2	52.6	294.9	59.8	294.9	59.8
Venues	38.5	7.4	38.5	7.4	36.9	7.5	36.9	7.5
Live Marketing Solutions	209.1	40.0	209.1	40.0	161.5	32.7	161.5	32.7
EBITDA	4.0	0.8	28.5	5.5	43.8	8.9	61.5	12.5
EBIT	-182.1	-34.8	-9.3	-1.8	-104.0	-21.1	16.1	3.3
Group loss / profit	-190.4	-36.4	-17.6	-3.4	-110.0	-22.3	10.0	2.0

Group Balance Sheet in CHF million	31.12.2018	% of total assets	31.12.2017	% of total assets	31.12.2016	% of total assets
Current assets	250.0	50.2	259.9	37.8	356.9	39.0
Non-current assets	248.2	49.8	428.3	62.2	559.1	61.0
Assets	498.2	100.0	688.2	100.0	916.0	100.0
Liabilities	441.3	88.6	454.5	66.0	477.1	52.1
Shareholders' equity	56.9	11.4	233.7	34.0	438.9	47.9
Equity and Liabilities	498.2	100.0	688.2	100.0	916.0	100.0
Net debt in CHF million	2018		2017		2016	
31.12.	148.7		130.7		69.1	

2018	Number	Exhibitors	Visitors	GEA ¹⁾	Duration ²⁾
Exhibitions	31	6 937	1 363 519	775 695	150
MCH exhibitions					
Messe Basel	10	2 982	542 265	405 411	45
Expo Beaulieu Lausanne	6	1 278	183 400	108 765	34
Messe Zürich	9	1 766	328 114	137 160	38
Other locations	6	911	309 740	124 359	33
Venues	939	12 462	2 075 476	1 081 206	850
All events					
Exhibitions	68	11 372	1 508 281	1 039 549	218
Messe Basel	17	3 940	660 334	508 541	63
Expo Beaulieu Lausanne ³⁾	14	1 795	237 673	166 125	58
Messe Zürich	37	5 637	610 274	364 883	97
Hall rentals & events	24		108 100		
Messe Basel	8		45 500	29 980	66
Expo Beaulieu Lausanne ³⁾	2		5 600	12 940	9
Messe Zürich	14		57 000	65 000	37
Conferences & room rentals	490	1 090	142 195	41 657	632
Congress Center Basel	189	1 090	138 995	41 657	332
Conference rooms Messe Zürich	301		3 200		300
Musical Theaters	357		316 900		
Musical Theater Basel	184		159 600		
Theater 11 Zürich	173		157 300		

1) Gross exhibition area in m²
2) No. of days (without assembly/dismantling)
3) As per 1 July 2018, the MCH Group transferred responsibility for the operation and marketing of the Lausanne exhibition site to the Fondation de Beaulieu

2018	Projects	in Switzerland	abroad
Live Marketing Solutions	2 971	1 212	1 759
Marketing Consulting	74	74	0
Strategy & Conception	20	0	20
Event Management	55	50	5
Exhibitions & Event Construction	1 910	198	1 712
Multimedia	912	890	22

Corporate strategy

Over the past few years, the MCH Group has intensively driven forward its growth strategy of diversification, internationalisation and digitization, especially with numerous acquisitions in the fields of “Collector Events” (regional art fairs, Masterpiece London) and “Live Marketing Solutions” (MC²) and also with a range of development projects (including Art Basel Cities and Grand Basel). These strategic initiatives were prioritised in the autumn as part of the necessary stabilisation and transformation of the company.

The priorities that were set: the globally leading position of Art Basel is to be further strengthened through the focus on existing shows and the development of further initiatives. Masterpiece London is to be expanded internationally, with Hong Kong marking the first move. The new concept required for Baselworld is being worked on intensively with the exhibitor committees. The MCH Group will also be investing in the further development of its successful exhibitions that are geared primarily to the Swiss market and will be examining new topics and formats. In the Live Marketing Solutions Division, the group’s competences and the range of services it offers in the field of strategy and concept are to be further expanded.

The initiative aimed at developing a portfolio of regional art fairs will not be pursued any further. The MCH Group intends to sell its investments in Art Düsseldorf and the India Art Fair. The concept for Grand Basel is being verified. The classic general consumer fairs of Muba, Züspa and Comptoir Suisse are to be discontinued. In addition, on 31.12.2018, Winkler Livecom AG in Wohlen was sold to the management of the multimedia company and a private investor.

In the current 2019 financial year, the corporate strategy is to be thoroughly reviewed and redefined. The restructuring process which was launched in 2018 already is being continued in parallel to the ongoing strategy process and will be aligned to its result. The aim is to bundle and share specialist competences and support functions to a greater extent across the group, thus ensuring that the corresponding synergy potential can be better exploited.

Value chain

On the exhibition and event market, the first link in the value chain is the organiser, who needs the appropriate infrastructure for holding their events, together with various additional services, which are referred to as marketing solutions here. The suppliers of these marketing solutions, however, not only provide their services to the organisers but, above all, to the individual actors involved in the events in question (for example, exhibitors at fairs and sponsors for sporting events). The individual players within the value chain are frequently suppliers to the upstream service providers and place orders with the downstream service providers.

Value chain & provision of services



Within this value chain, the MCH Group provides a broad range of services, which can differ from case to case. The MCH Group’s services can fundamentally always be provided by third parties too, and customers are free to choose their suppliers.

For MCH exhibitions at the group's own locations, the MCH Group provides the services of organiser and infrastructure operator. For MCH exhibitions at other locations, the group provides solely the services of the organiser. For third-party exhibitions, the MCH Group's services are chiefly restricted to providing the infrastructure.

For both its own and third-party exhibitions, the MCH Group is also able to provide individual marketing solutions for the exhibiting companies, such as in the field of stand construction. The MCH Group not only provides its live marketing solutions services at exhibitions but is also active in the entire live marketing market, including in other types of corporate events and in the fields of culture and sport.

In cases where the MCH Group itself provides services, the extent to which it makes use of the supplier groups can also vary greatly. With infrastructure, for example, the range of services provided by the MCH Group is concentrated primarily on facility management, and the facility services are generally provided by regional suppliers.

Indirect economic impacts

Exhibitions, congresses and events generate a major direct and indirect economic benefit. A number of studies on the economic impact of exhibitions show that exhibition companies produce indirect returns that are eight to ten times greater than their own turnover. Only 20 to 25% of the expenditure incurred by an exhibiting company when it participates in an exhibition goes into the exhibition organiser's coffers. Some 75 to 80% of expenditure goes to different suppliers and service providers.

If the results of these studies are extrapolated to the current figures for the MCH Group, then the following estimates can be derived. Exhibitors and visitors together spend some CHF 3 billion each year on their participation in an MCH event, with CHF 2 billion of this being spent in Switzerland. This expenditure goes to the construction and ancillary industries (20%), the hospitality industry (30%), public transport operators (16%), the retail trade (6%) and different service providers (28%). In Switzerland, these initial effects trigger overall sales of some CHF 5.5 billion as direct and indirect follow-on effects. The associated added value corresponds to around 30,000 jobs and tax income of some CHF 400 million for the confederation, cantons and communes.

There are also other effects that cannot be expressed in figures: in particular the positive impact of successful exhibitions as marketing platforms for the industry in question and the positive effect of successful participation for the exhibiting companies.

At the locations at which exhibitions and congresses are staged, they frequently have a "lighthouse effect" for tourism through their reach and appeal, which are transmitted to the city or country in question. The Basel region, for instance, benefits from the fact that the globally leading events of Baselworld, Art Basel in Basel, Art Basel in Miami Beach and Art Basel in Hong Kong carry the name of their "home city" throughout the world.