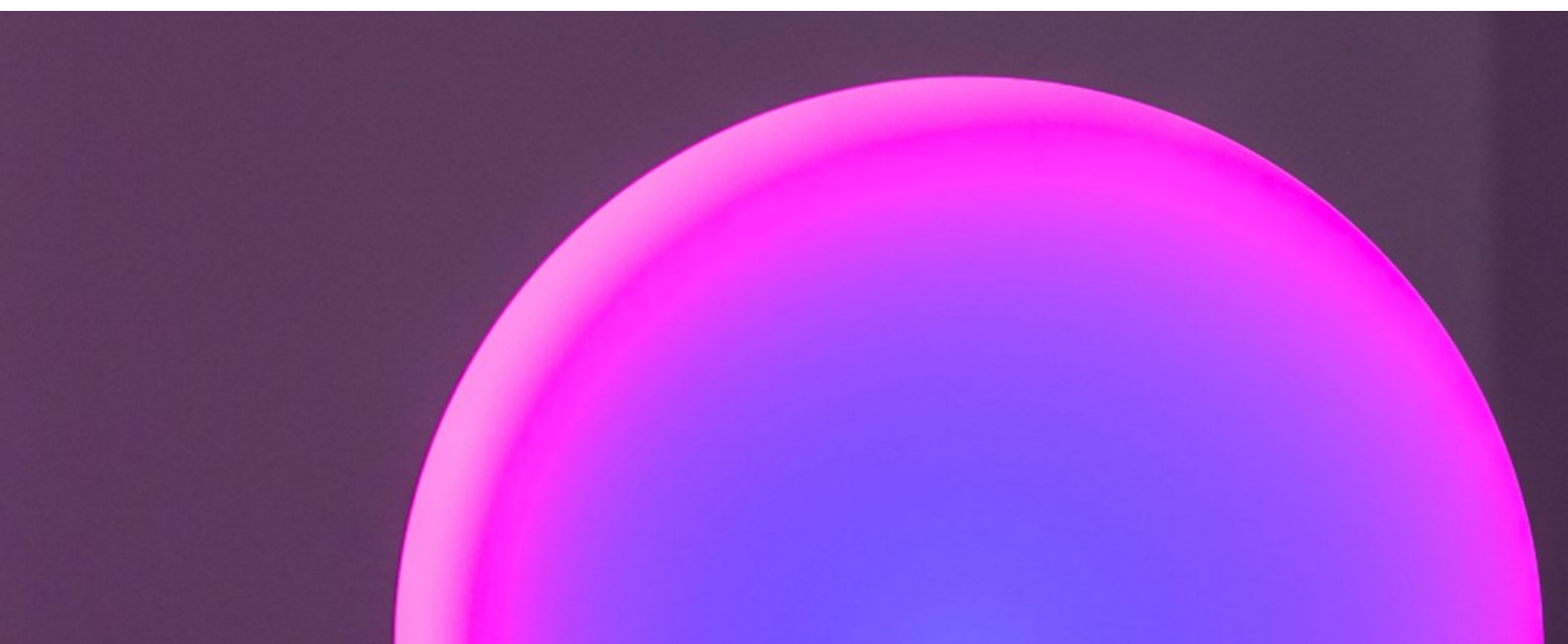




Transformation

The MCH Group is undergoing a far-reaching transformation process that has been made necessary by the fundamental changes coming about in the exhibition and event industry. The aim of the transformation process is to develop the group's classical live event competence into an experience marketing competence in both the physical and digital fields.

Classical live events are increasingly coming under scrutiny on account of the advanced level of digitisation. Far-reaching changes in areas like marketing and communication, and also distribution and sales, are profoundly altering the requirements placed on the live marketing industry. The industry needs to redefine and reposition itself. This constitutes a major challenge, but also opens up opportunities through the potential it offers.



Art Basel in Miami Beach

For the MCH Group, “experience marketing” is a marketing toolkit that combines physical and digital formats and platforms. Bringing together supply and demand is extended beyond live pop-up events (such as trade fairs) with corresponding digital offerings. These are available at any time and in any location, via an individual’s preferred channels, and deliver individualised content in data-based and automated processes. The target groups are involved interactively, sharing their information and emotions, and thus assuming an active and creative role in generating their own experience. This combination of physical and digital permits a “hyperconnectivity” and results in new qualities for industry platforms and individual marketing solutions.

With its internal and external network, the MCH Group is in a position to supply comprehensive live marketing solutions for the entire trade fair and event market – starting with consultancy and concepts, and extending right through to implementation. It intends to boost this competence still further and enhance its “hybrid” marketing instrument offerings. In doing so, it is setting out to better leverage the potential of its extensive expertise and numerous high-quality products and services. This is to be achieved, in particular, by merging its different business units into an integrated group of companies to a greater extent.

In summer 2018, the MCH Group defined and initiated the roadmap for the necessary transformation process. This divides up roughly into three phases:

“ The MCH Group will be developing a group-wide vision, defining a group-wide strategy and also implementing this throughout the company group. “

2nd half of 2018: cost-saving measures, strategic prioritisation and initial restructuring;

1st half of 2019: compilation of the vision and future corporate strategy;

2nd half of 2019: restructuring measures commensurate with the redefined corporate strategy and a start on strategy implementation.

The first phase focused on the necessary stabilisation of the company. In addition to different cost-saving and cost-cutting measures, the strategic initiatives were prioritised and an initial reorganisation implemented to boost efficiency in the group’s organisational structure. The further restructuring process will be aligned to the result of the strategy process that has been initiated and will be consistently taken further. The aim is to implement the most efficient operational model for the future business models and thus to boost profitability.

Strategic measures already implemented or initiated

Collector events

“ It is a matter of finding the right balance between the necessary stabilisation of the company and the investments required for the future. “

In the case of its collector events, the MCH Group will concentrate on further strengthening Art Basel and Masterpiece London. The globally leading position of Art Basel is to be further boosted through the focus on existing shows, the continuation of Art Basel Cities and the development of further initiatives. Masterpiece London will be expanding to Hong Kong in October 2019 already with the “Masterpiece Pavilion” at Fine Art Asia.

The initiative launched in 2016 with the aim of developing a portfolio of regional art fairs will not be pursued any further. The holdings in Art Düsseldorf and India Art Fair are to be sold, and the participation in the new Art SG in Singapore that had been announced will be dispensed with.

The concept deployed for Grand Basel for its launch in Basel in September 2018 is undergoing verification. The planned expansion to Miami Beach in 2019 will not be taking place. Grand Basel is to be presented at the International Motor Show in Frankfurt (IAA) in September 2019 in the context of the “IAA Cars 2019” with the special show “IAA Masterpieces by Grand Basel”.



Masterpiece London

Baselworld

The shortening and downsizing of Baselworld 2018 marked the first alignment to the far-reaching structural changes taking place in the watch and jewellery industry. The show team, under new management, subsequently made further adaptations to the concept for Baselworld 2019, which were presented to the different exhibitor committees and were well received. The Swatch Group’s cancellation for Baselworld 2019 has significantly impaired this process. In parallel to its preparations for Baselworld 2019, the MCH Group has been working intensively since autumn 2018 on the necessary realignment of Baselworld in 2020 and 2021. It is convinced that it is on the right path and will be continuing this process in close cooperation with the exhibitors.



Baselworld

National exhibitions

In the national exhibition business, the group's portfolio continues to be geared to stable profitability and has been streamlined. In the light of the declining trend in the general consumer fairs over a period of many years, it was decided in autumn 2018 to discontinue Züspa (in Zurich) and Comptoir Suisse (in Lausanne). Muba (in Basel) has been held for the last time in 2019. Clarifications are currently ongoing regarding the launch of a new platform for the consumer goods sector.

The organisational structure of the MCH Group's own exhibitions, which are primarily nationally oriented, was streamlined at the start of 2019. These exhibitions have now been merged into a single unit spanning all the different locations. A review is underway to see whether subsidiary Exhibit & More AG should be integrated in MCH Swiss Exhibition (Basel) Ltd. in the course of 2019.



Swissbau

Venues

The costs that the MCH Group has to bear for its exhibition and congress infrastructure are higher than average in an international comparison. In the past, the favourable earnings situation for the exhibitions meant that the group was able to support this burden, which is not customary for the industry. The declines in major shows, such as Baselworld, and the downward trends prevailing in the national exhibition and event business are now necessitating major value adjustments in Basel and giving rise to overcapacity in the group's infrastructure. The MCH Group is thus working out realistic capacity utilisation scenarios for the Basel exhibition venue and will also be sounding out possibilities for (partial) new uses or (partial) sales.

The MCH Group and the Fondation de Beaulieu have come to a joint agreement redefining their cooperation and the organising of exhibitions, congresses and events at the Beaulieu Lausanne site. Since 01.07.2018, the MCH Group has concentrated on organising its own exhibitions, while the Fondation de Beaulieu has taken charge of running the entire site, renting it out to third-party organisers and further developing the Beaulieu Lausanne exhibition venue.



Messe Basel

Live Marketing Solutions

In the field of live marketing solutions, the MCH Group intends to focus on the expansion and international alignment of the strategy and concept services it provides (Reflection Marketing and MCH Global) as well as on the implementation of temporary buildings (Expomobilia, MC² and Metron).

Intensive progress has been made on the restructuring process launched in Switzerland in spring 2018. The repositioning of MCH Global was launched on 01.12.2018. The new “Agency of the Future” accompanies customers over the full length of the value chain for experience marketing – from the strategy, via the concept and creation, right through to implementation.

MCH Global, Reflection Marketing and Expomobilia will be the three brands of the new Swiss company, MCH Live Marketing Solutions AG. This company was founded in November 2018 through the renaming of Expomobilia AG. In the first half of the current business year, all the Swiss live marketing solutions companies are to be merged into the new company with retroactive effect as per 01.01.2019.

The live marketing solutions companies located in Zurich all moved to joint premises in Zürich-Altstetten in autumn 2018 already.

On 31.12.2018, Winkler Livecom AG in Wohlen was sold to the management of the multimedia company and a private investor.



MC² / Expomobilia – Caterpillar – Shanghai