

Embarking on the future

The Covid-19 pandemic has greatly slowed down the positive development of our company and presented us with major new challenges. With the strengthening of our capital base, our shareholder structure and our company management, and through the development of highly promising digital projects, we have, however, in the 2020 financial year succeeded in laying the foundations for overcoming the corona crisis and achieving the turnaround in the company's development. The Board of Directors and Executive Board are working intensively on putting our company on track for a successful future.

Ladies and Gentlemen,

The 2020 financial year got off to a highly promising start. Work on implementing the strategy that had been defined in 2019 was in full swing, the new exhibition year had commenced with a successful Swissbau, and the order books for the Live Marketing Solutions division were well filled. The good prospects for the past business year were then abruptly shattered by the outbreak of the Covid-19 pandemic and the measures put in place by the authorities. As a result, 39 of the 48 MCH and third-party exhibitions planned for 2020 had to be cancelled, including all three Art Basel shows. The hall and room rental business came more or less to a standstill, and a large number of orders for the Live Marketing Solutions division were postponed or cancelled.

Key projects taken forward despite the lockdown

In March 2020, the management responded to the situation with a range of structural and organisational measures to secure the company's stabilisation. Against a backdrop of lost sales and the need for cost-cutting measures, yet also with a view to the future, it was a matter of finding the right balance between partially shutting down operations, on the one hand, and deploying financial and human resources to work on the development and implementation of key initiatives, on the other.

Even during the officially imposed "lockdown", major projects – particularly in the digital area – were pushed ahead in order to provide customers alternative offerings and services and also to prepare for the time after the pandemic. It thus proved possible to organise five editions of the Art Basel Online Viewing Rooms over the past year, enabling Art Basel to demonstrate its leading role in the global art market despite the cancellation of its physical events.



Dr. Ulrich Vischer



Beat Zwahlen

These measures were naturally unable to offset the negative financial consequences of the Covid-19 pandemic. Despite this, it is remarkable that the MCH Group was able to generate operating income of CHF 188.0 million in the course of the financial year 2020. This is, however, CHF 257.2 million, or almost 60 %, below the figure for the previous year. The result before interests, taxes and depreciations (EBITDA) amounts to CHF -45.1 million (previous year CHF 22.1 million), the result (EBIT) to CHF -66.1 million (previous year CHF -2.7 million). The loss for the year amounts to CHF -72.2 million (previous year CHF -9.9 million)

Continued existence of the company secured beyond 2021

Cash and cash equivalents total CHF 130.1 million as per the end of the 2020 financial year, thus securing the company's continued existence beyond the current financial year. However, they decreased by CHF 8.2 million compared to the previous year despite the cash flow of CHF 71.1 million through the capital increase. Shareholders' equity totals CHF 67.3 million as per 31.12.2020, with an equity ratio of 16.8 %.

The key financial figures underline the urgent need, in terms of the company's equity and external capital, for the restructuring package that the shareholders agreed to with a large majority at the Extraordinary General Meeting of 27.11.2020. They also show, however, that the funds created by the capital increase, which were originally intended for use in implementing the strategy, are now needed to a significant extent to deal with the negative consequences of the corona crisis.

The full extent of these consequences is still difficult to assess. At the moment, it certainly has to be assumed that no big live events will be able to take place in the first half of 2021. An improvement in the framework conditions can, however, be expected in the second half of 2021, with a return to normal in 2022. We must therefore expect another substantial loss in the 2021 financial year, although this will be significantly lower than the loss for 2020. The break-even point will therefore be shifted from the 2021 financial year to the 2022 financial year, when the 2019 level is targeted.

Promising prospects for development and success

In the light of this situation, it was all the more important that the package of measures drawn up by the Board of Directors and Executive Board and approved by a large majority of shareholders covers not only the financial restructuring of the company but also a structural strengthening of the shareholder base and the Board of Directors to enable the transformation process to be accelerated. This package of measures was only made possible through the major commitment and accommodation shown by the public-sector entities – especially the Canton of Basel-Stadt – and the new anchor shareholder, Lupa Systems.

We are pleased that, in the final instance, it proved possible to put together a package that is also supported by the private shareholders. With the stakes of between 30 and 35 % held by the public sector, Lupa Systems and the private shareholders, the shareholder base is suitably balanced to take equal account of the interests of the company, the shareholders and the company's geographic locations.

The major commitment undertaken by Lupa Systems is by no means self-evident given the situation that our company currently finds itself in. The fact that Lupa Systems supports the corporate strategy – including its commitment to the Basel and Zurich locations – and has undertaken to help shape and accelerate the implementation of this strategy over the long term, underlines the new investor's confidence in our company's development potential and its prospects for success. The representatives of Lupa Systems on the Board of Directors are bringing valuable know-how into the company in the area of digitalisation and technology, as well as in content creation and media. With the renewal of the chairmanship of the Board of Directors, both the management body and the company as a whole will benefit from additional international industry experience, innovative strength and management expertise.

Further strategic initiatives for accelerating the turnaround

The Board of Directors and Executive Board are working intensively on leading the company into a successful future. The process of further strategic development with the involvement of the new partner has already been launched. The aim is to open up new sources of revenue with additional strategic initiatives and to speed up the attainment of break-even.

Last year, we evaluated the foundation of a joint venture company with a strategic partner as an option for the further development of the national B2B exhibition portfolio. We came to the conclusion not to outsource this business field and instead to deploy the synergy potential that exists within the MCH network in a more optimum manner, channelling know-how from Art Basel and our Live Marketing Solutions division into our national business to a greater extent.

One of the priorities of the new operational management is to ensure that our competencies and resources are optimally deployed throughout the group, across the different divisions. With the structural enhancement of the Innovation & Business Development segment and the centralisation of all digital areas, corresponding organizational measures have been initiated at the beginning of 2021.

Start of a new chapter in MCH's more than 100-year history.

We believe in the future of live events – especially when these are combined with digital elements. And we are convinced of a successful future for our MCH Group – with our business model, our strategy, our strong brands and our innovative strength. Despite the pandemic, we have created a firm foundation over the past year on which to realise our company's potential and translate it into robust growth. During this time, we have begun a new chapter in our company's more than 100-year history. We will be doing our utmost to ensure that this departure into the future is for the benefit and well-being of all our stakeholders.

We extend our thanks to everyone who has contributed to mastering the major challenges facing us last year and who will be continuing to support us as we move forward in 2021 – our employees and shareholders and, most especially, all our customers and partners.

Dr. Ulrich Vischer
Chairman of the Board of Directors

Beat Zwahlen
Group CEO