



## **ITE Group plc**

**("ITE" or the "Group")**

### **Pre-close trading update**

ITE Group plc is today publishing a trading update for the year ended 30 September 2018, prior to entering its close period and ahead of its preliminary results announcement on 4 December 2018.

#### **Trading update**

Trading has benefited from the Transformation and Growth (TAG) initiatives rolled out across the Group's Core market-leading events with the majority of the Group's key markets recording revenue growth significantly ahead of GDP growth and inflation combined.

Revenues for FY 2018 are expected to be circa £175m (2017: £153m). On a like-for-like basis, revenues will be circa 10% ahead of the prior year.

The group has continued its strong organic growth of the top 10 events which have had the benefit of the TAG programme. On a like-for-like basis, the top 10 events combined delivered 13% revenue growth.

The Group is not experiencing any noticeable effects on trading in Russia due to further sanctions and is expecting to benefit from its decision to move Mosbuild and World Food Moscow to the Crocus Centre to provide additional capacity to accommodate further growth.

India is one of the fastest growing economies in the world, yet the exhibition market has been held back due to the lack of international standard space. Construction of a new exhibition hall on the site of the existing Delhi venue, adding circa 100,000 sqm of space, has commenced with an estimated completion date of April 2019. This will ultimately benefit our space-constrained market leading shows in 2020, particularly Acetech Delhi and Paperex. The venue has demolished one of the existing pavilions, which will therefore limit available space in 2019.

Recent adverse currency movements, particularly in the Russian ruble, Brazilian real and Turkish lira, have not significantly impacted the FY 2018 results, but are likely to have an impact going into the next financial year.

#### **TAG programme update**

The TAG programme is progressing according to plan. It comprises three pillars of strategic activity to accelerate growth:

##### *-Building a scalable platform*

We continue to roll out best practice blueprints and establish the 'ITE way' to increase the scalability of our platform. In Q4 we commenced the roll out of our new global CRM and People systems.

##### *-Managing the portfolio*

We continue to actively manage our portfolio, to enable the Group to focus both management time and investment on our Core shows. We recently announced the disposal of 56 Non-Core Russian

events, following on from the disposal of two Malaysian events earlier in the year. In addition, we have closed or cancelled 30 Non-Core events in total this year and a small number of Non-Core events have been moved to biennials at the request of the respective ministries.

We will continue to consider opportunities to reduce further the number of Non-Core events.

#### *-Product-led acquisitions*

The acquisition of the Ascential Events business added seven market-leading brands to our portfolio. The integration continues at pace, investment plans to drive growth in 2020 are on track, and we are progressing well with delivery of the synergies. We will be co-locating our two London offices into our new headquarters in Paddington in early October.

Today we announced the acquisition of Mining Indaba, a Cape Town based market-leading event in the mining industry, which has consistently been at the forefront of the international mining sector. This acquisition will be EPS enhancing in its first full year and ROIC is expected to be greater than Group WACC within 3 years.

We will continue to review selective product-led acquisitions in line with the Group's strict M&A criteria.

#### **Financial position**

After continued TAG investment in the year and the Ascential Events acquisition, but with strong operational cash conversion, net debt as at 30 September 2018 is circa £83m (30 September 2017: £50m). This is in line with our expectations.

#### **Outlook**

We continue to benefit from the investments into products and operational improvements and this can be seen in our forward bookings. As at 30 September 2018, excluding the 56 Non-Core Russian events, the Group had booked circa £113m of revenue for FY 2019 (30 September 2017: £83m). On a like-for-like basis, these revenues are 14% ahead of this time last year and on a volume basis are 3% ahead, largely due to strong trading performance.

The year has been one of considerable activity and progress. The Company has taken a number of important steps towards realising its vision for the business. The Board is confident in the Group's future growth prospects.

#### **Notes to Editors**

*Like-for-like results are stated on a constant currency basis, after excluding events which took place in the current period but did not take place under our ownership in the comparative period and after excluding events which took place in the comparative period but did not take place under our ownership in the current period. This excludes:*

- *Biennial events;*
- *Timing differences (i.e. events that ran in only one of the current or comparative periods, due to changes in the event dates);*
- *Launches;*
- *Cancelled or disposed of events that did not take place under our ownership in the current year;*
- *Acquired events in the current period; and*
- *Acquired events in the comparative period that didn't take place under our ownership in the comparative period (i.e. they took place pre-acquisition).*

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## **About ITE Group plc**

ITE Group plc was founded in 1991 and is now one of the world's leading organisers of international exhibitions and conferences.

ITE Group's strategic vision is to create the world's leading portfolio of content-driven, must-attend events delivering an outstanding experience and ROI for our customers. In May 2017 the Group launched its Transformation & Growth (TAG) programme, which is designed to transform the Company from a geographic-led business to a product-led business that focuses on market-leading events, wherever they are in the world. ITE strives to run the best shows and offer the best service to its customers throughout the world regardless of location. By putting exhibitors and visitors at the heart of everything we do, we plan to drive sustainable growth for our shareholders.

ITE Group is a public limited company and has been listed on the main market of the London Stock Exchange since 1998.