



ITE Group plc
USA June 2013

ITE GROUP PLC



Founded in 1991; listed on LSE in 1997



B2B exhibition organiser, over 90% of revenues from high growth markets



Market leader in Russia & CIS



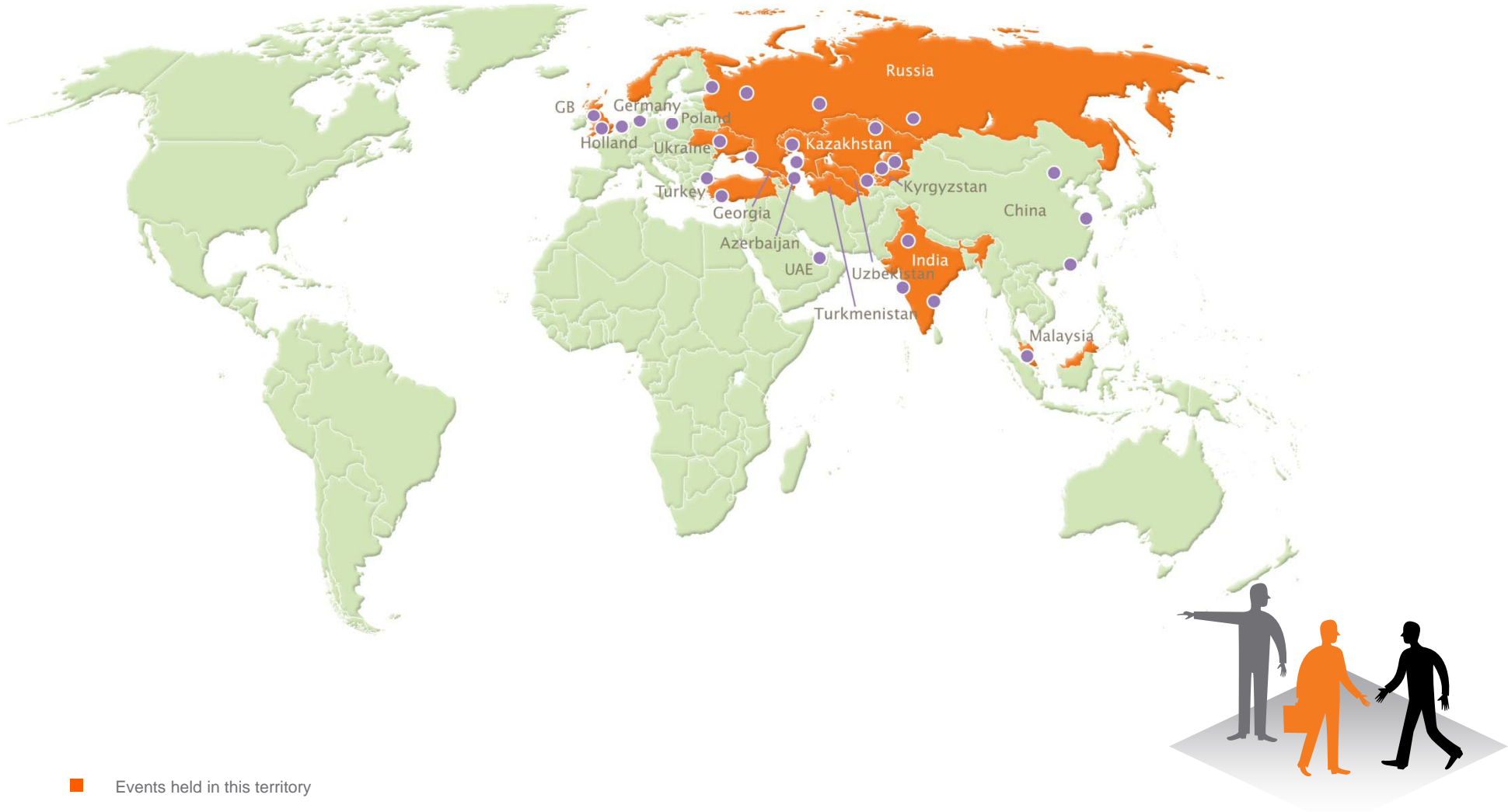
Growing presence in Turkey, India, and S.E Asia



Annual revenues of circa \$300m, Headline PBT circa \$90m, Market Cap > \$1bn

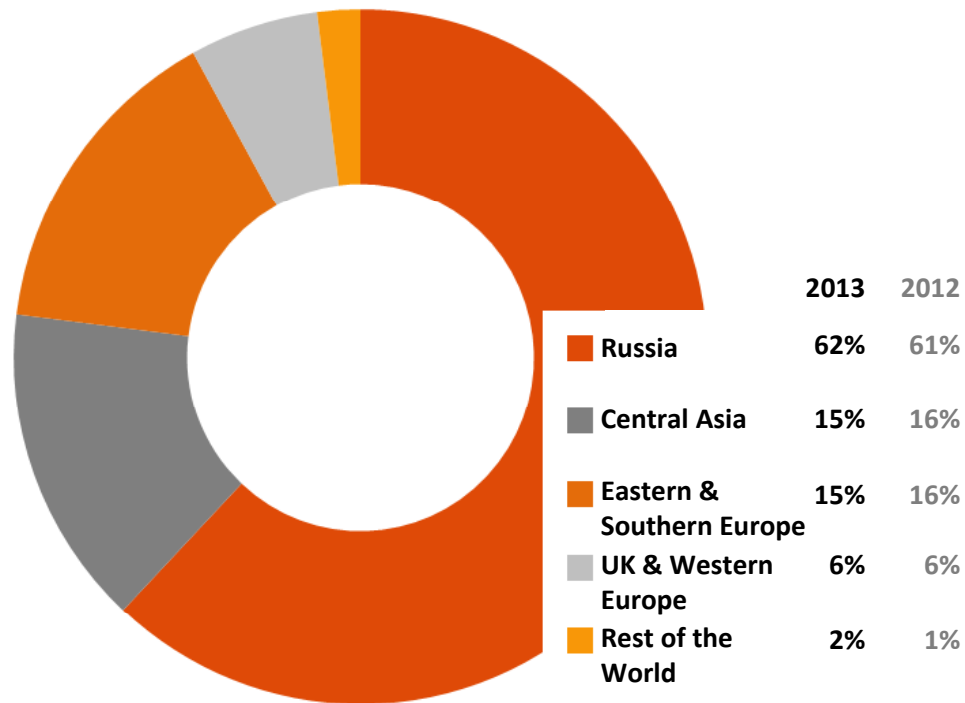


ITE World

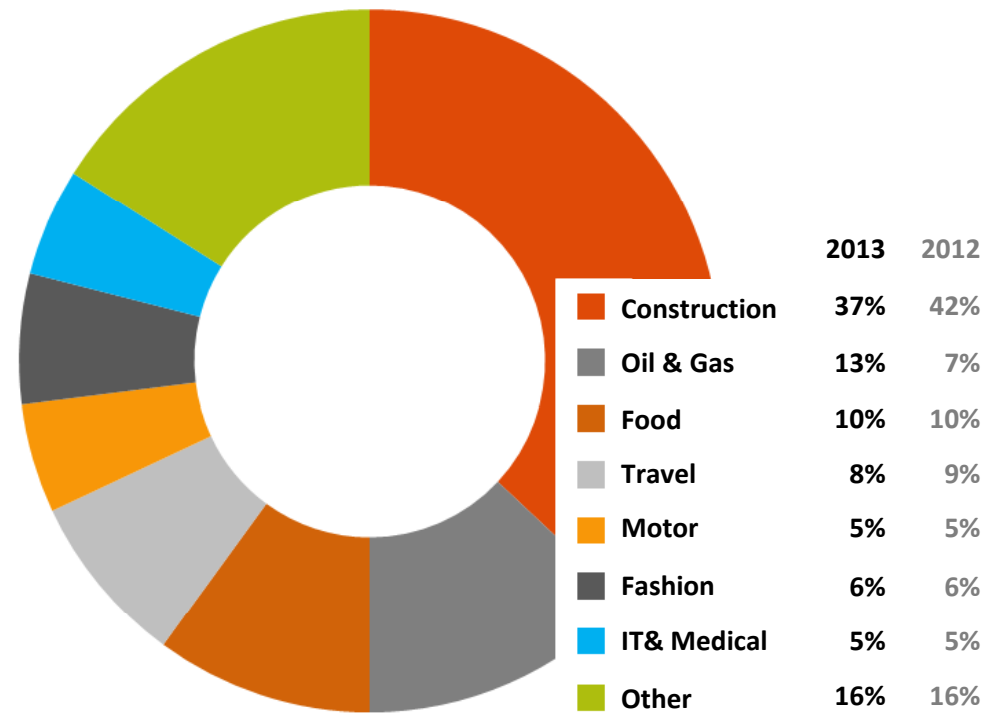


Revenue by Sector & Region Forecast 2013 (2012) Actual

ITE Group Revenue by Region

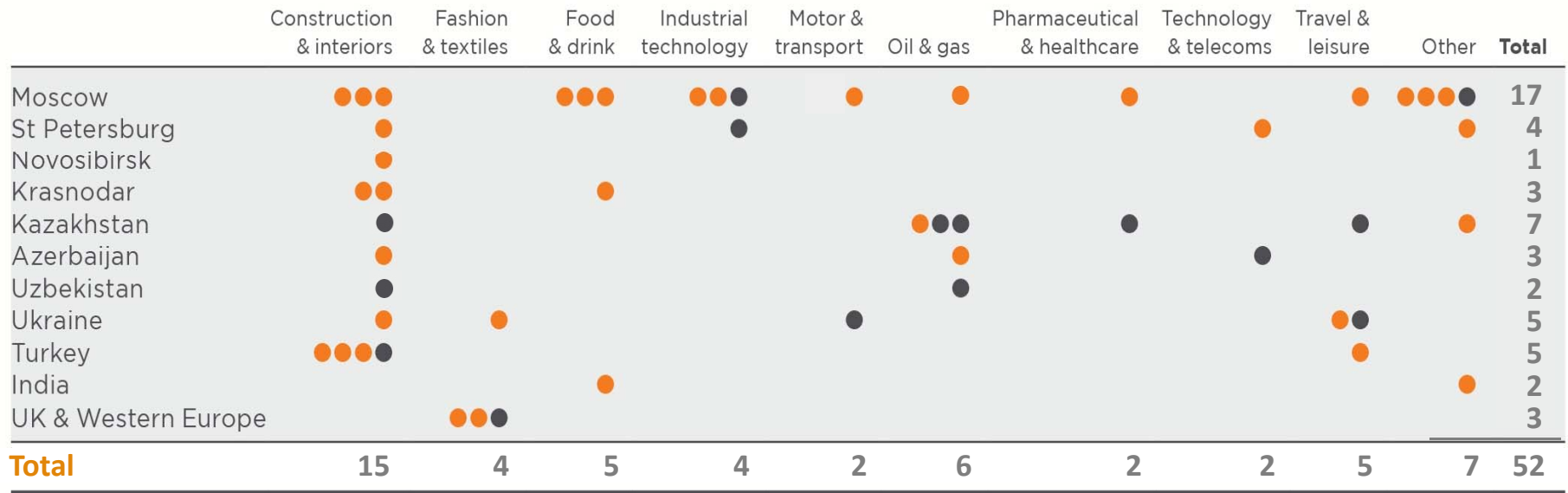


ITE Group Revenue by Sector



Sector Strength

ITE's leading events in 2013 (by profit) categorised by region and sector



● > £1 million revenue.
 ● < £1 million revenue.

Divisional Analysis

	2012		2011	
	Revenue	Contribution	Revenue	Contribution
Russia	£105m	£42m	£106m	£47m
C. Asia	£27m	£9m	£22m	£8m
S/E Europe	£28m	£9m	£18m	£4m
ROW	£12m	£4m	£10m	£3m
	<u>£172m</u>	<u>£64m</u>	<u>£156m</u>	<u>£62m</u>
Group		<u>(£11m)</u>		<u>(£11m)</u>
		£53m		£51m

GDP Growth in ITE's Markets

	2013 GDP growth forecast %	2014 GDP growth forecast %
Russia	3.3	3.8
Kazakhstan	5.5	5.7
Azerbaijan	4.1	5.8
Uzbekistan	7.0	6.5
Ukraine	0.0	2.8
Turkey	3.4	3.7
UK	0.7	1.5
India	5.7	6.2

Source: IMF World Economic Outlook Database, April 2013

Key attributes

- ➔ **Geographic location** – growing/developing markets
- ➔ **Sector** – Big international businesses
- ➔ **Brands** – international and local recognition
- ➔ **Venue** – long established venue relationships
- ➔ **Infrastructure** – network of local offices and international sales capability
- ➔ **Sales visibility** – forward contracted revenue
- ➔ **Flexibility** – of cost structure
- ➔ **Balance sheet** – strong cash flow – no debt



Strategy

Vision

‘To be the world’s **leading organiser of trade exhibitions in **emerging markets**’**

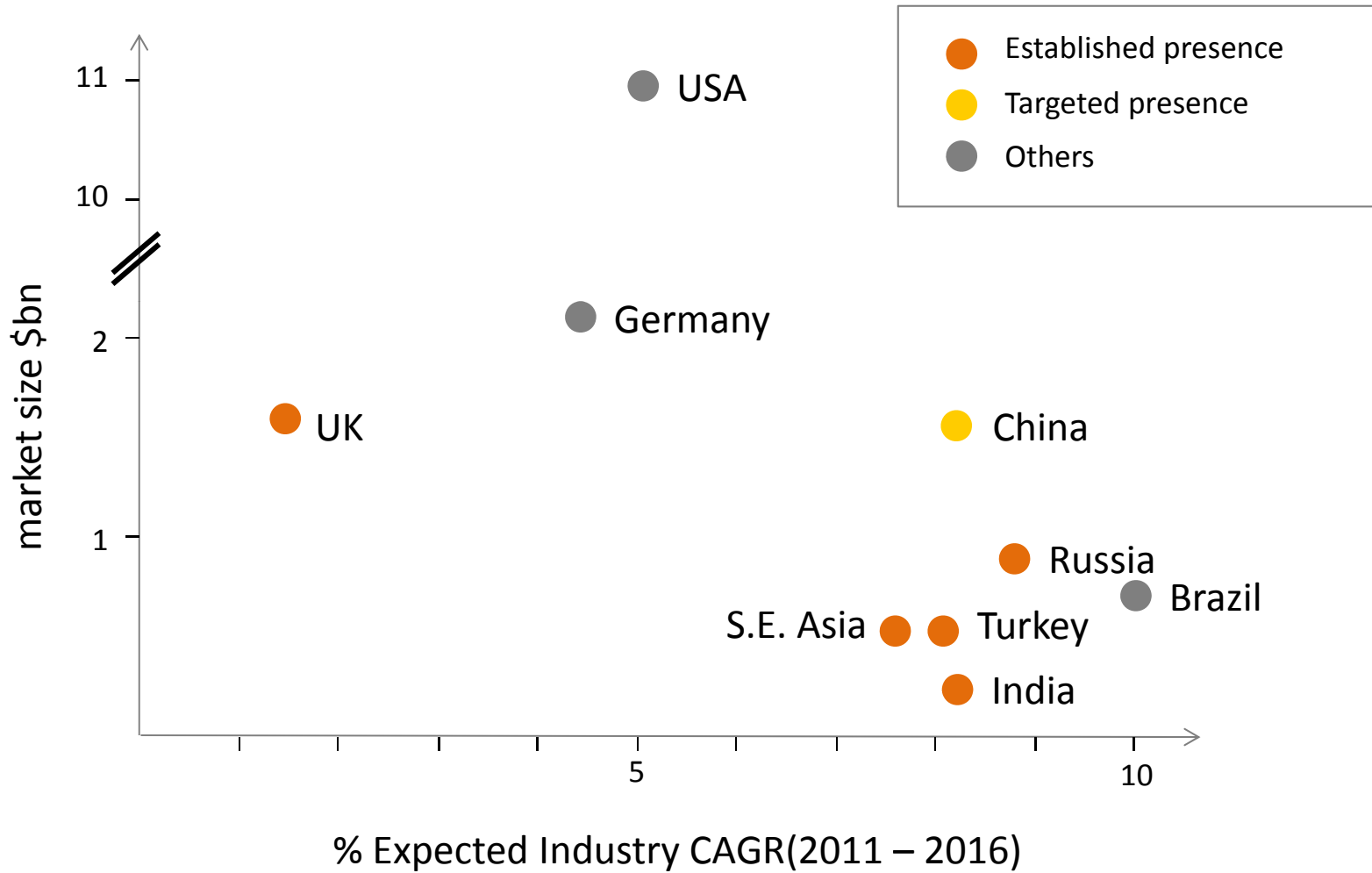
Primary Business Objectives

- Create **sustainable** growth in headline EPS
- Create and maintain sustainable positions of **market leadership** in the exhibition business in **emerging markets**

Leadership



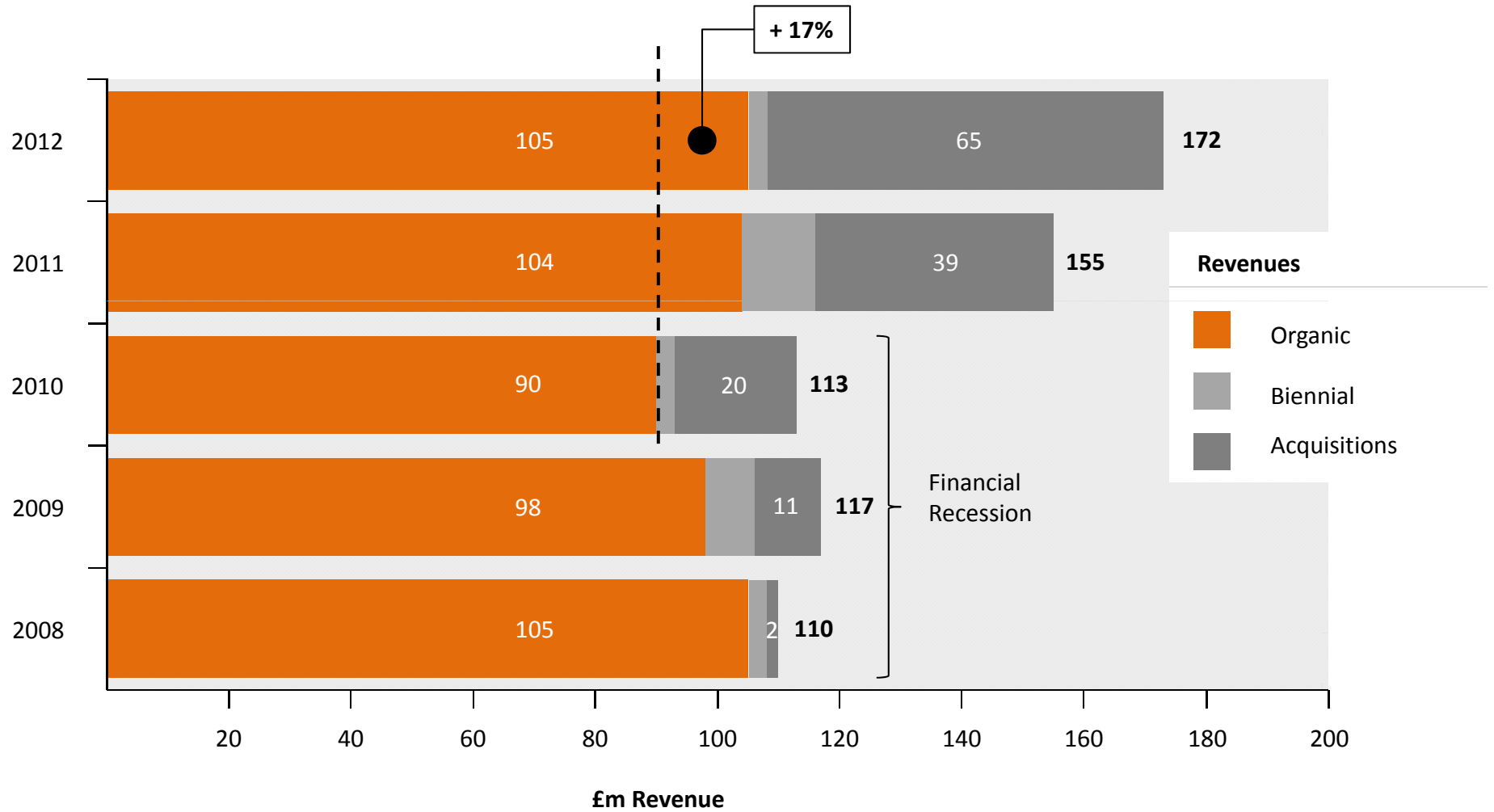
Growing Markets



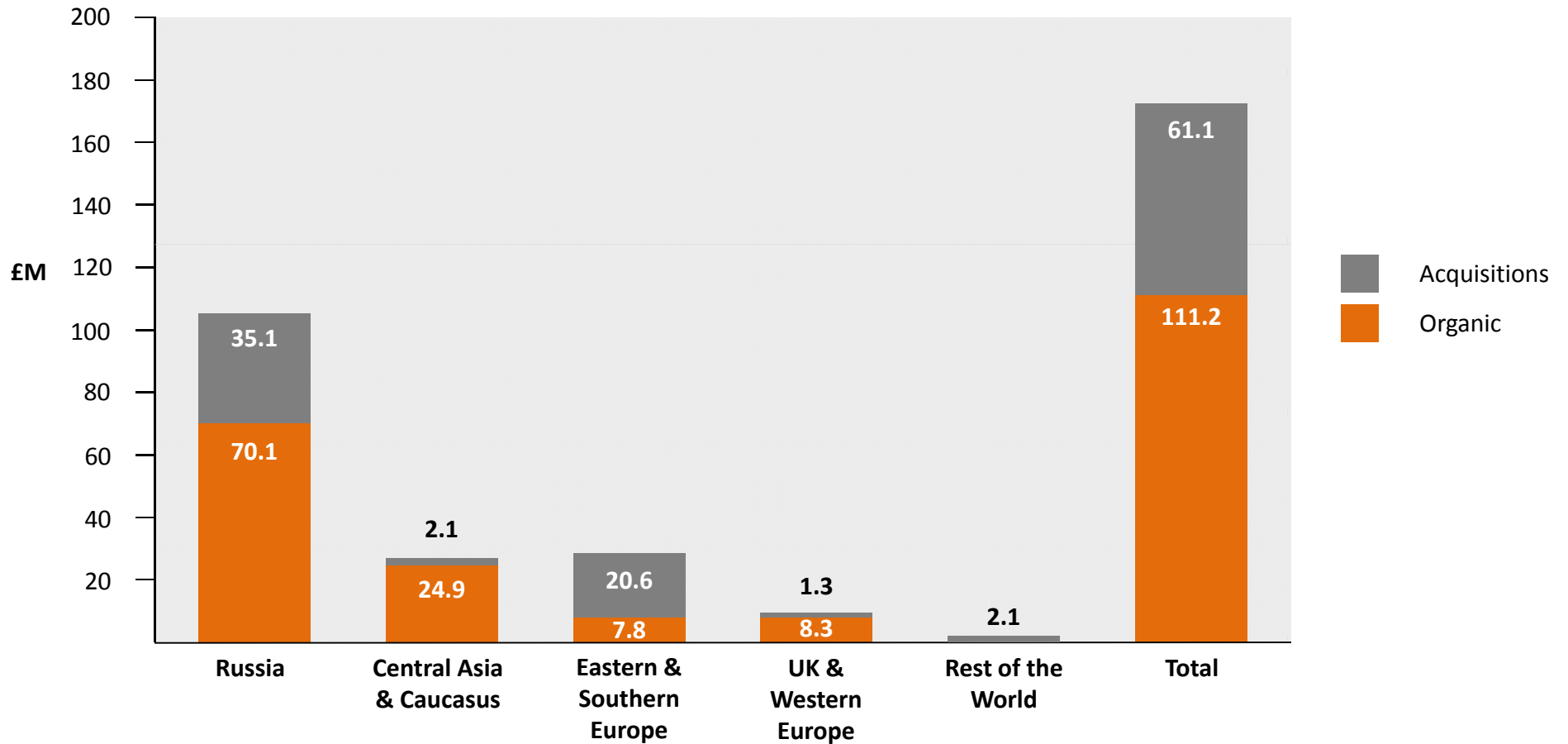
Expanding the Business Model



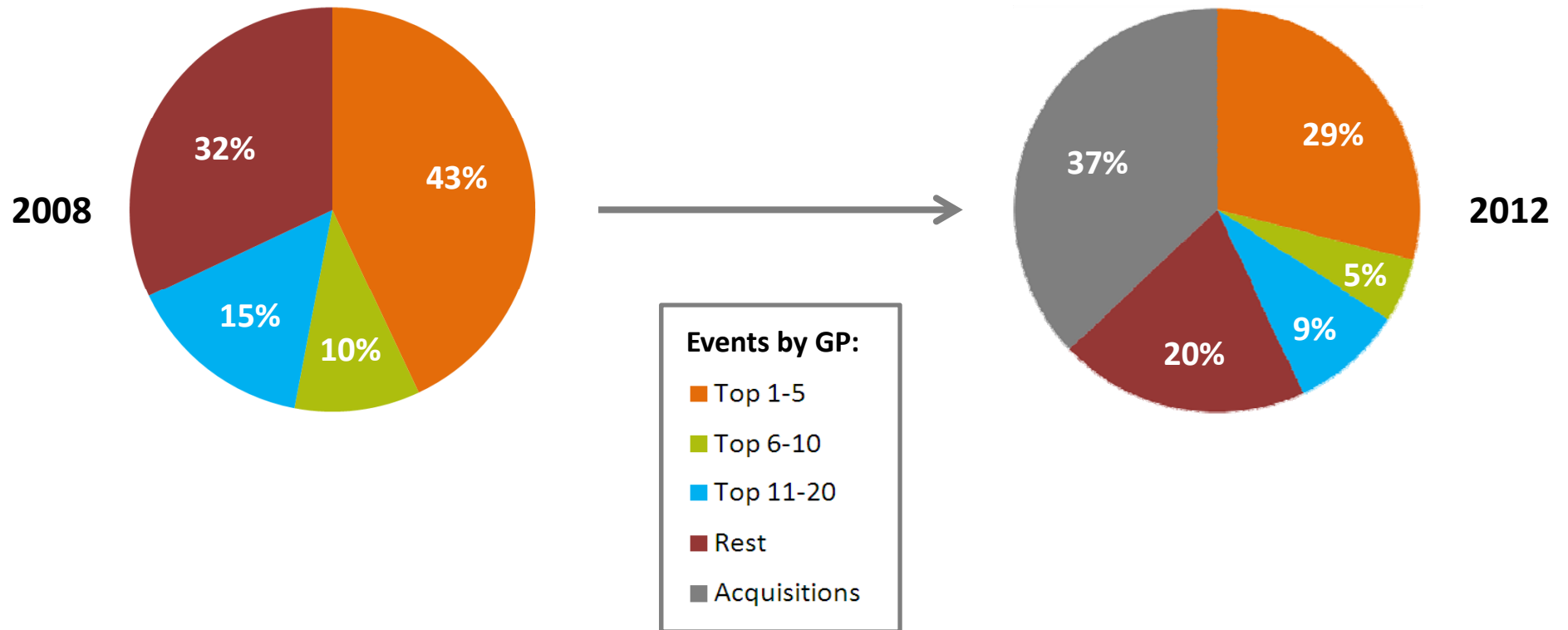
Growth of ITE's Revenue Base



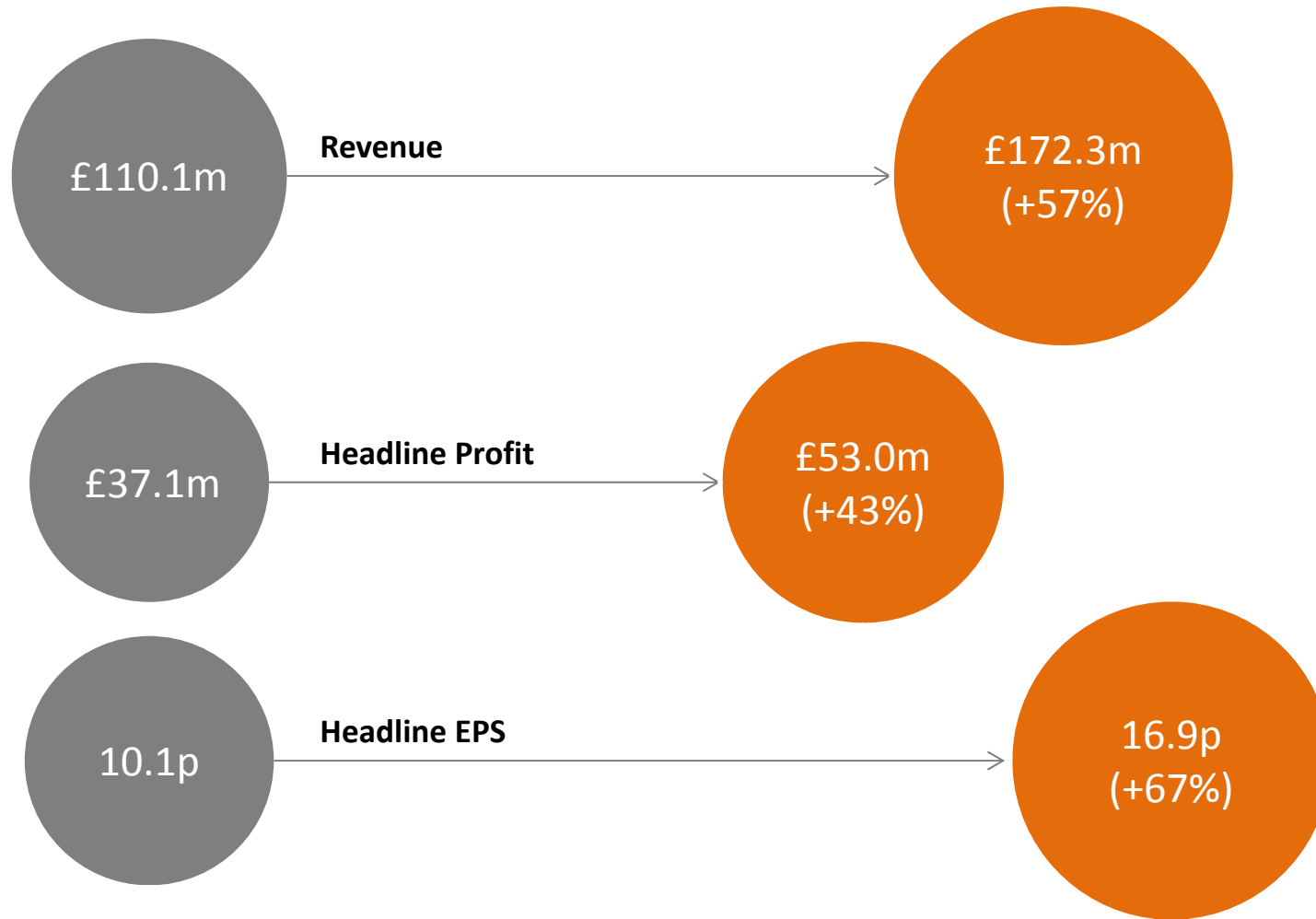
2012 Revenue by Geography



Revenue Diversification



ITE's Growth 2008 - 2012





2013 Interim Results

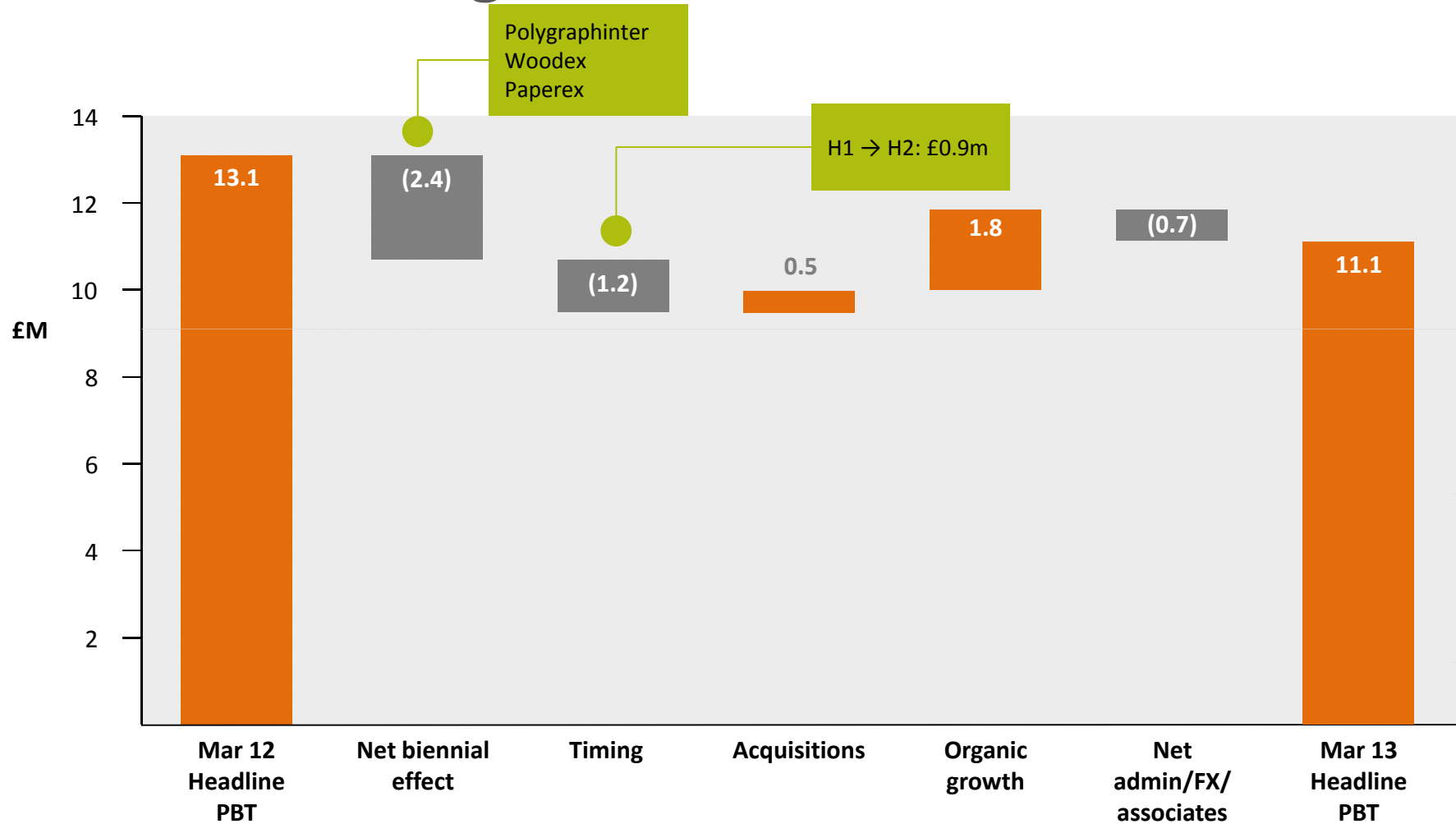
Financial Results

Financial Highlights for the Six Months to 31st March 2013

	2013	2012	
Revenue	£69.4m	£68.6m	Organic +£6.5m Acquisitions +£1.5m Net Biennial -£3.9m Timing -£3.3m
Gross profit margin	37%	39%	Biennial impact
Administrative expenses	£16.4m	£13.7m	Staff, investment, transaction costs
Headline profit before tax	£11.1m	£13.1m	L4L + 11%
Interim dividend per share	2.3p	2.1p	+ 10%

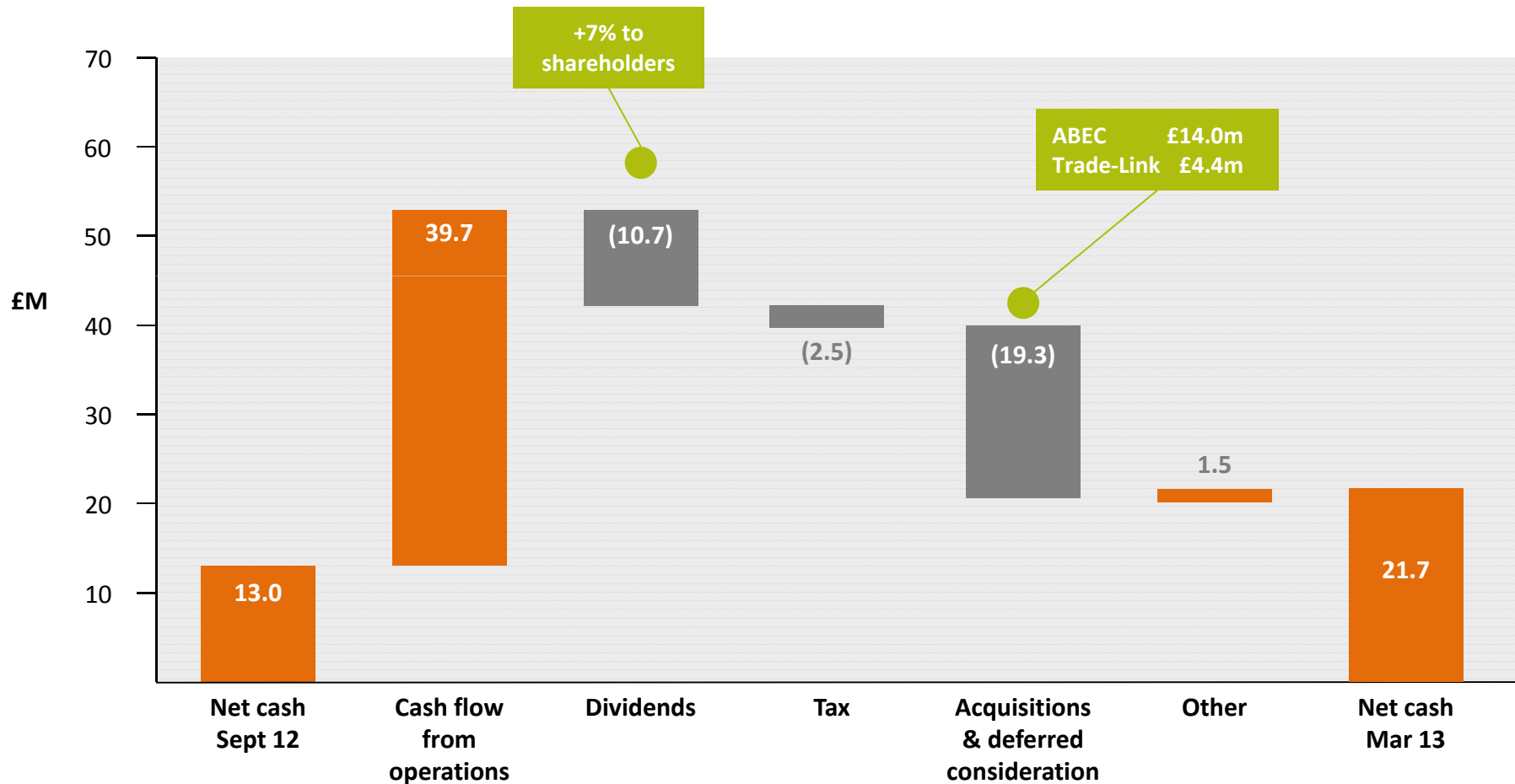
Financial Results

Headline PBT Bridge – Six Months to 31 March 2013



Financial Results

Cash Flow Bridge – Six Months to 31 March 2013



Financial Results

Sales and Yield Analysis

		Metres	Revenue	Gross Profit	Yield
		000s	£m	£m	Per m ²
2012	Results from Events	368	68.0	26.7	
	Non annual 2012	(34)	(5.6)	(2.4)	
	Recurring Events	334	62.4	24.3	187
2013	Acquisitions	12	1.5	0.5	
	Timing differences	(28)	(3.3)	(1.2)	
	Organic growth	12	6.7	1.8	
	Recurring Events	330	67.3	25.4	204
2013	Non annual 2013	23	1.7	0.0	
	Results from Events	353	69.0	25.4	

Currency & Hedging

Currency	2013 (F) %	2012 %	Average Sales Translation Rate	
			2013 YTD	2012 Full Year
EUR	36	54	1.20	1.17
RUB	37	21	49	47
GBP	7	7	1.0	1.0
YTL	8	8	2.83	2.82
Other	12	10		

- 2.5% dilution
- 4% dilution



1 cent = £0.35m : 1 Ruble = £0.35m



Balanced currency exposure ⅓ Euro ⅓ Ruble ⅓ other



Forward cover 2013 – 2016 : €93m @ €1.19 : £1

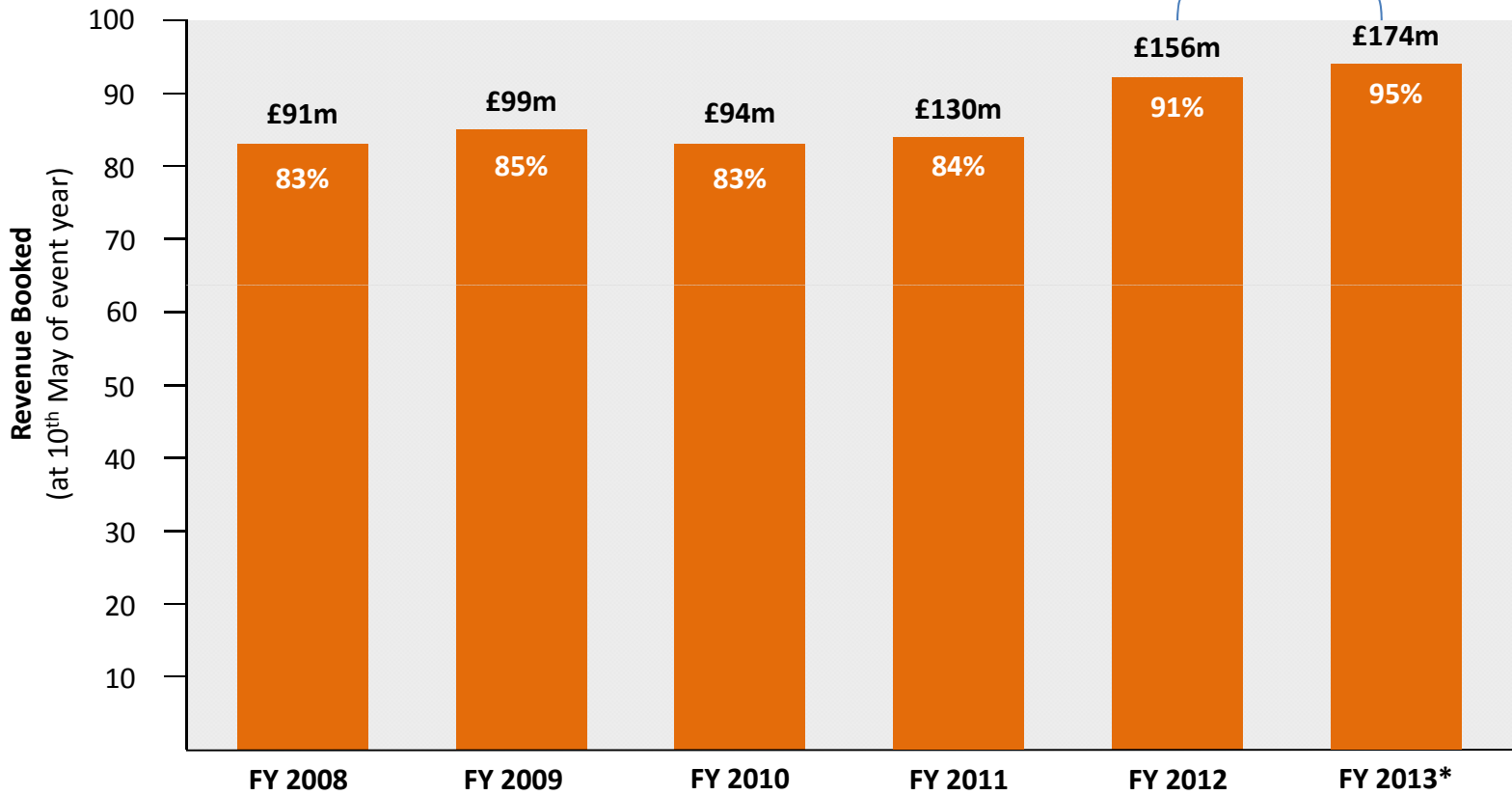
Financial Results

April Events (1/3rd of annual revenues)

	2013 (m ²)	2012 (m ²)	+/- %
MosBuild	68,500	66,100	+ 4%
Turkeybuild	36,200	36,100	-
TransRussia	11,300	10,100	+ 12%
Moscow International Protection + Security	11,400	10,000	+ 14%

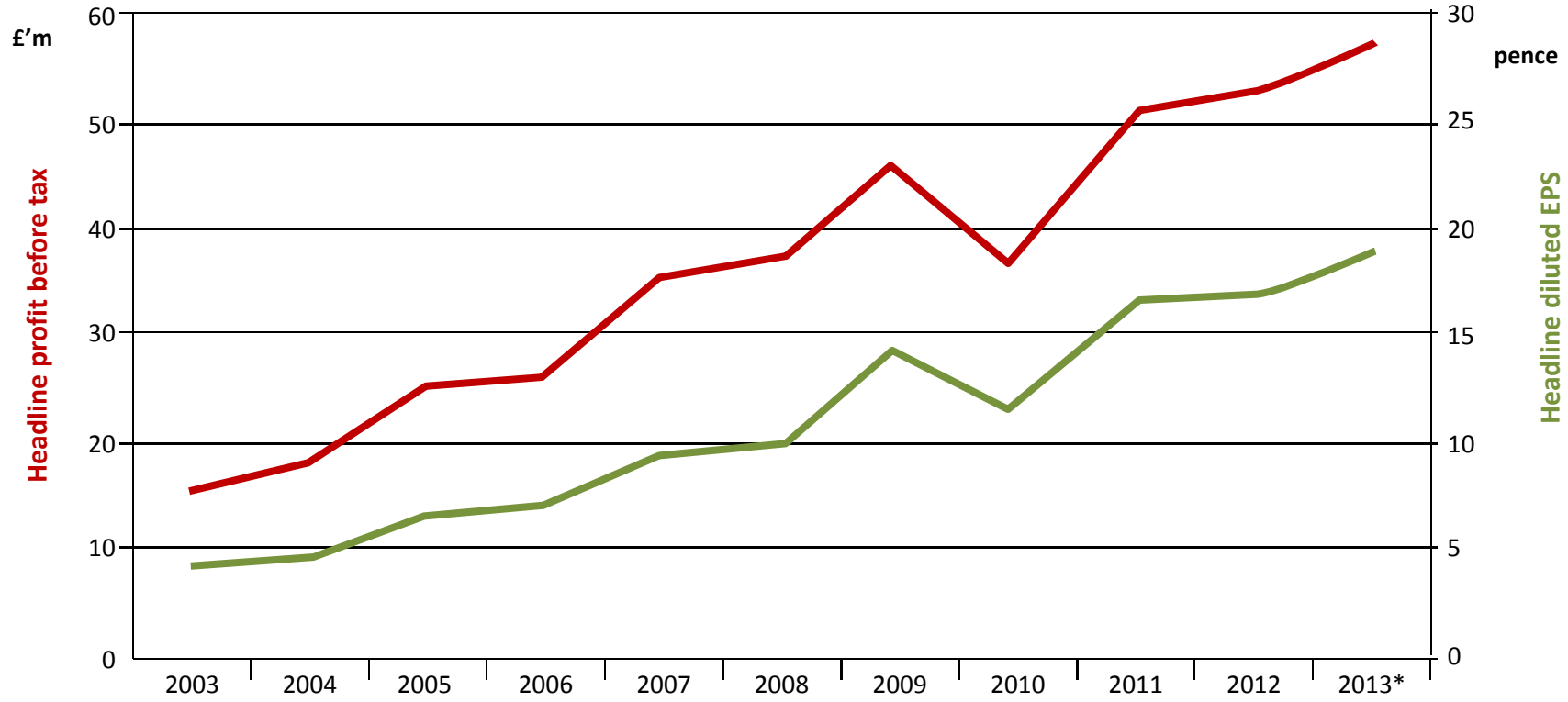
Trading Update – 2013 Contracted Revenue

Acquisitions weight event portfolio towards Spring



* Based on 2013 consensus revenue of £183m

Financial Performance



* Consensus

Appendices

ITE fundamentals

- i. Shareholder Structure @ 27 April 2013
- ii. Management Team
- iii. Balance sheet
- iv. Key exhibitions

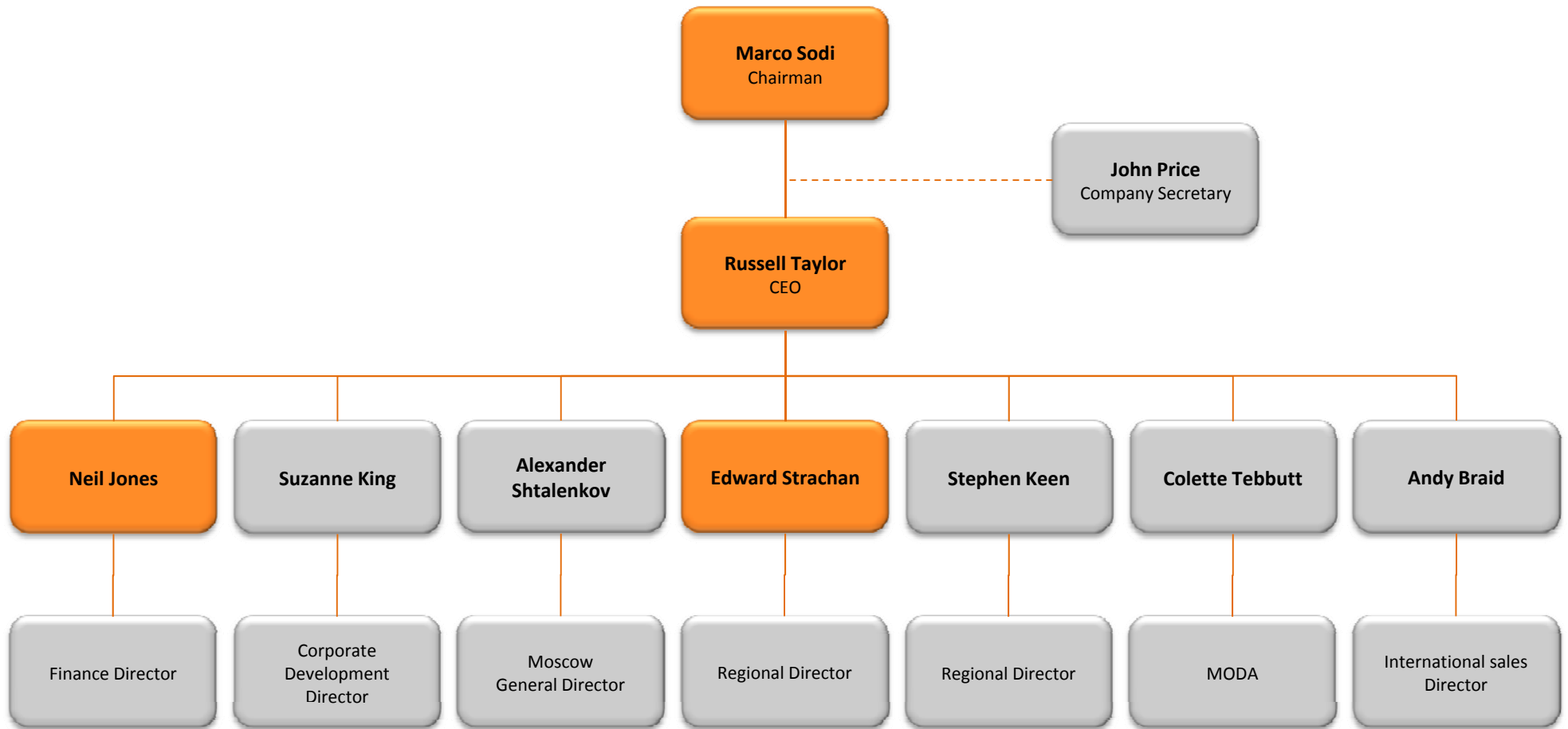
Exhibition fundamentals

- i. Cash generation
- ii. Growth
- iii. Venue relationship
- iv. Flexibility of costs

Shareholder Structure at 27 April 2013

	%	No. of Shares (millions)
Blackrock	14.9%	37.2
Schroders	11.6%	28.9
Threadneedle Investments	6.8%	17.0
Standard Life	6.4%	15.8
Scottish Widows	6.1%	15.3
Legal and General	4.5%	11.1
Old Mutual	3.8%	9.6
Directors	1.5%	3.8
ESOT	1.8%	4.6
Other Institutions and individuals	42.6%	105.8
Total Shares in issue	100%	249.1
Options in the money:	0.5%	1.25m
Management including options in the money	2.0%	
Free float	96.2%	
Average daily trading volume (6 months)		0.3m

Management Team



Consolidated Balance Sheet

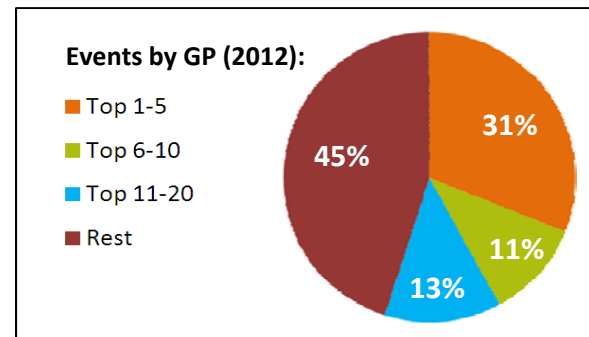
	Mar-13 audited £'m	Mar-12 audited £'m
Non Current Assets		
• Goodwill & Intangibles	137.5	131.6
• Other non-current assets	23.9	9.2
	161.4	140.8
Current Assets		
• Debtors due within 1 year	61.5	55.8
• Net Cash	21.7	16.4
	83.2	72.2
	£75.3m	£59.8m
Creditors		
• Deferred Revenue & Creditors	136.8	115.6
• Deferred Consideration	0.8	3.4
• Deferred Tax	13.0	12.3
• Provisions	1.3	1.6
	151.9	132.9
Net Assets	92.7	80.1

Appendices

Key Exhibitions (in 2013 gross profit order)

<u>Rank</u>	<u>Event</u>	<u>Location</u>	<u>2013</u> <u>m² sold</u>	<u>2012</u> <u>m² sold</u>
1	MosBuild	Moscow/Russia	68,500	66,100
2	MIOGE	Moscow/Russia	June '13	22,800*
3	Moscow International Travel & Tourism (MITT)	Moscow/Russia	19,500	20,000
4	World Food Moscow	Moscow/Russia	Sept '13	24,400
5	Turkeybuild (YAPI)	Istanbul/Turkey	36,200	36,100
6	MODA UK (Spring)	Birmingham/UK	18,300	17,300

* Last edition in 2011



Cash generation in an Exhibition Business



Cash Positive Model – generates negative working capital

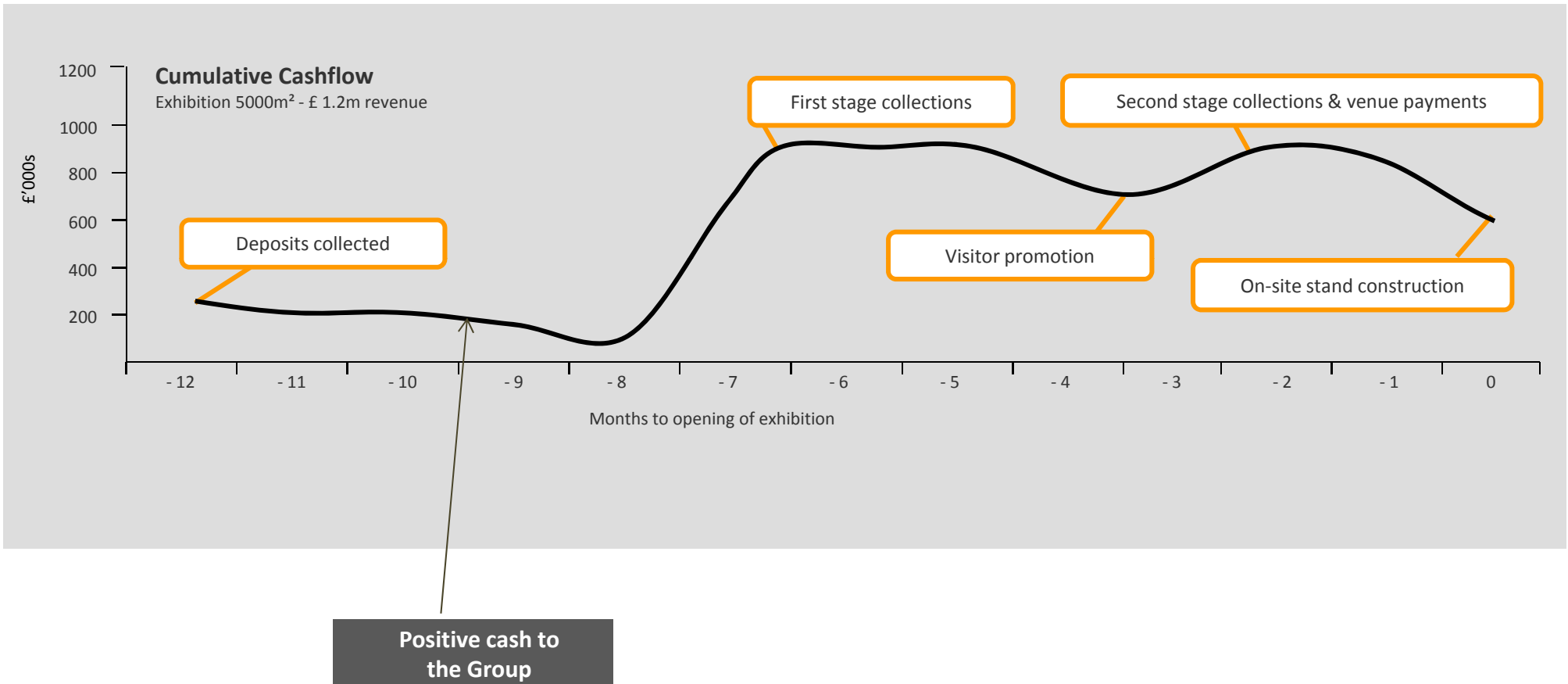


Cash flow from operations \geq headline PBT in a growing business

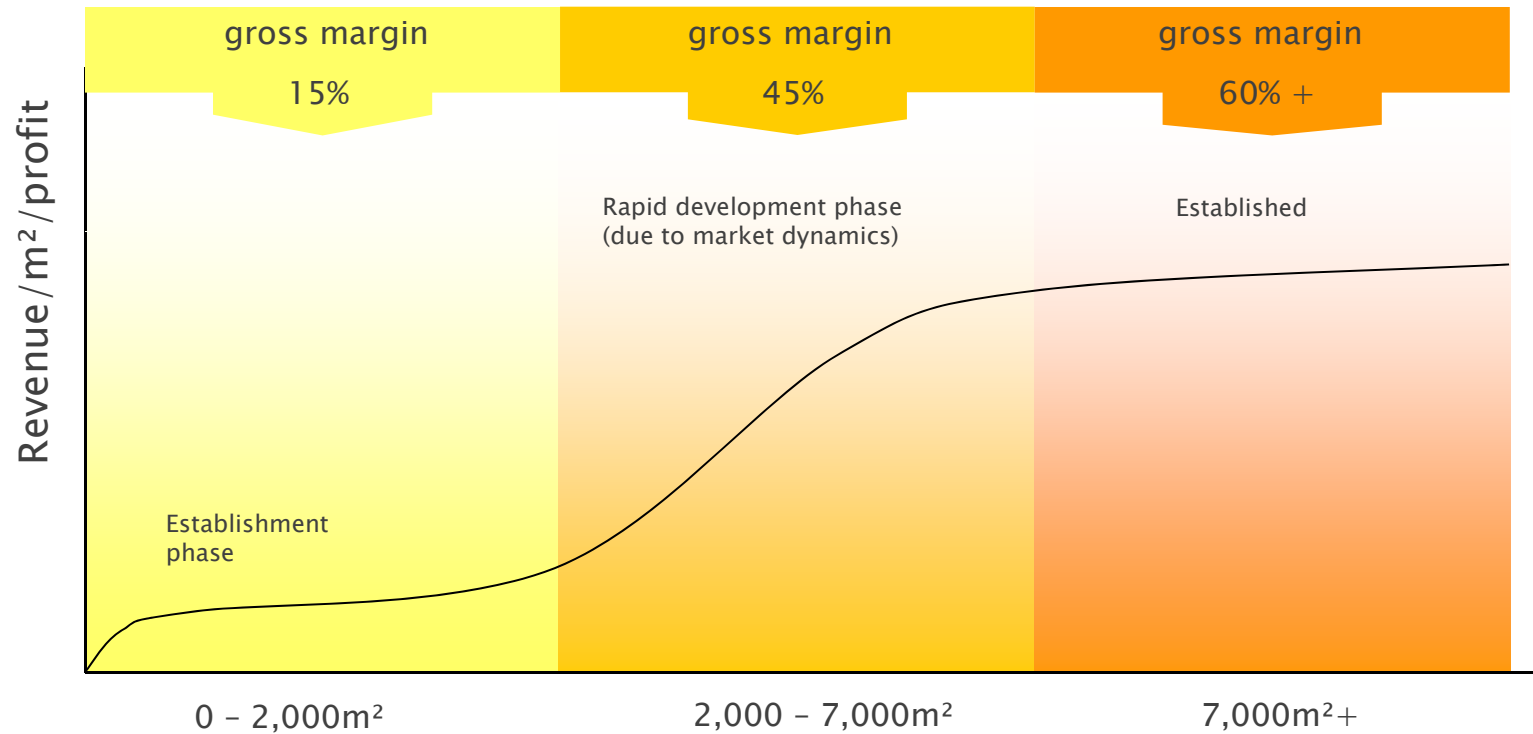


Forward sales contracting = excellent sales visibility

Exhibitions – positive cash position

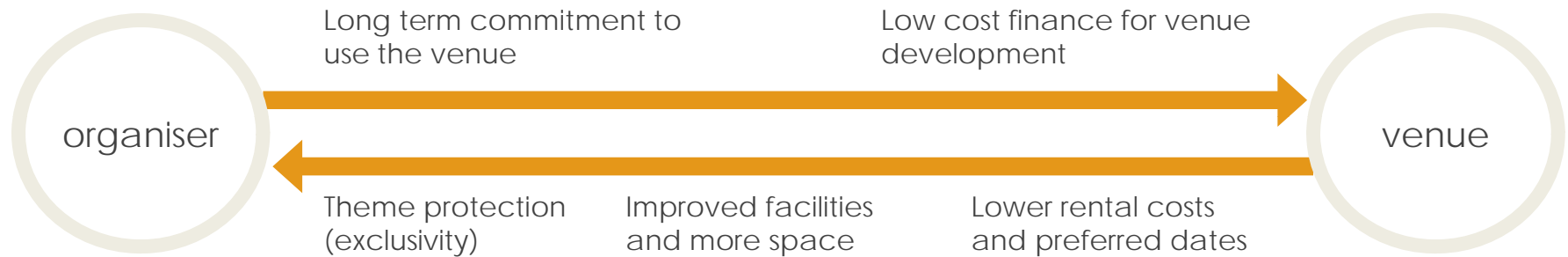


Growth pattern of an exhibition



Venue relationships

Co-investment for 'win - win'



e.g. agreements with:

- Expocentre (Moscow, Russia) to 2017
- Atakent (Almaty, Kazakhstan) to 2017
- Expocentre (Novosibirsk, Russia) to 2021
- IEC (Kiev, Ukraine) to 2014
- Uzexpocentre (Tashkent, Uzbekistan) to 2019
- Expocentre (Baku, Azerbaijan) to 2015

Flexible cost structure of an event

	Budget	Actual	
❖ Sales	200	140	(30%)
❖ Venue	(50)	(35)	(30%)
❖ Staff	(25)	(20)	(20%)
❖ Marketing	(12.5)	(12.5)	-
❖ On-site consumables	(12.5)	(9.5)	(24%)
❖ Gross Profit	<u>100</u>	<u>63</u>	(37%)