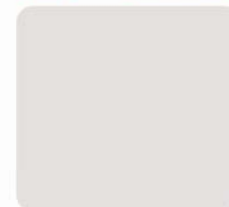
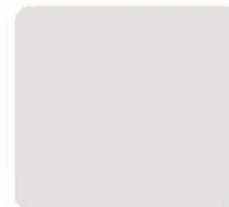
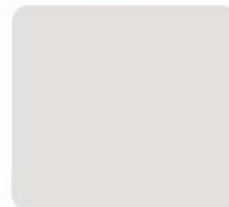
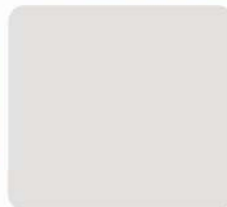
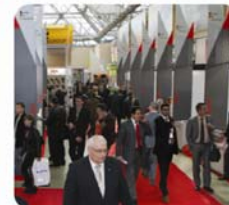
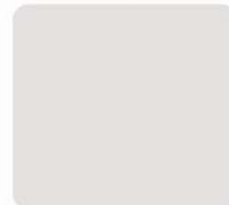
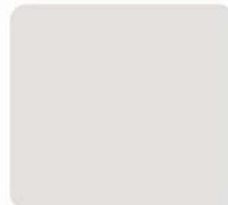
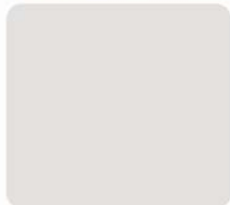
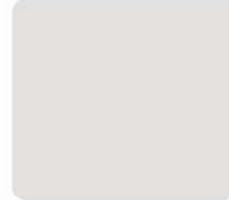
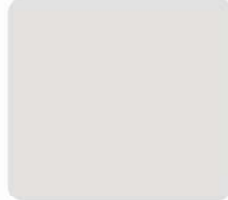
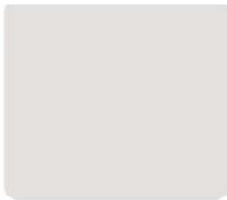




ITE Group PLC

Managing Downturn in Emerging Markets





Russell Taylor

Chief Executive Officer
ITE Group PLC



Neil Jones

Group Finance Director
ITE Group PLC

ITE Group PLC

- Founded in 1992, floated in 1997
- ITE is a leading organiser of B2B trade exhibitions in emerging and developing markets
- Dominant in Russia – with a leading position in many Central Asian states, Turkey and India
- ITE has 23 international offices and runs 180 events per year in 10 emerging markets

ITE World

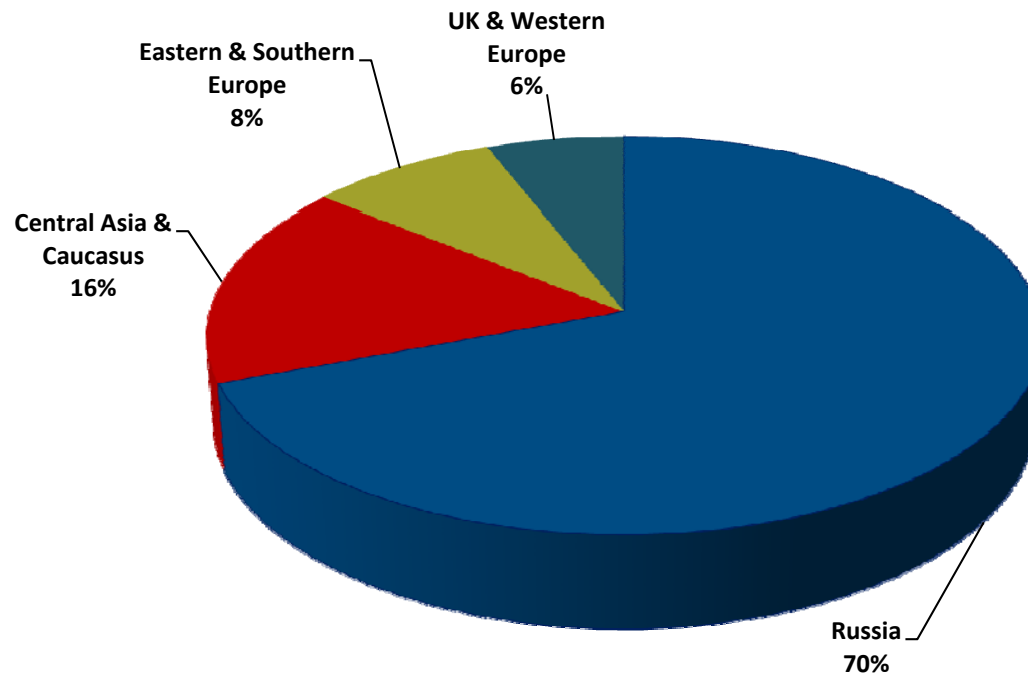


ITE'S Key strengths

- **Geographic focus** – fast growing markets
- **Sector** – big international businesses
- **Brands** – international and local recognition
- **Venue Relationships**– availability of high quality space in the right locations
- **Infrastructure** – network of local offices

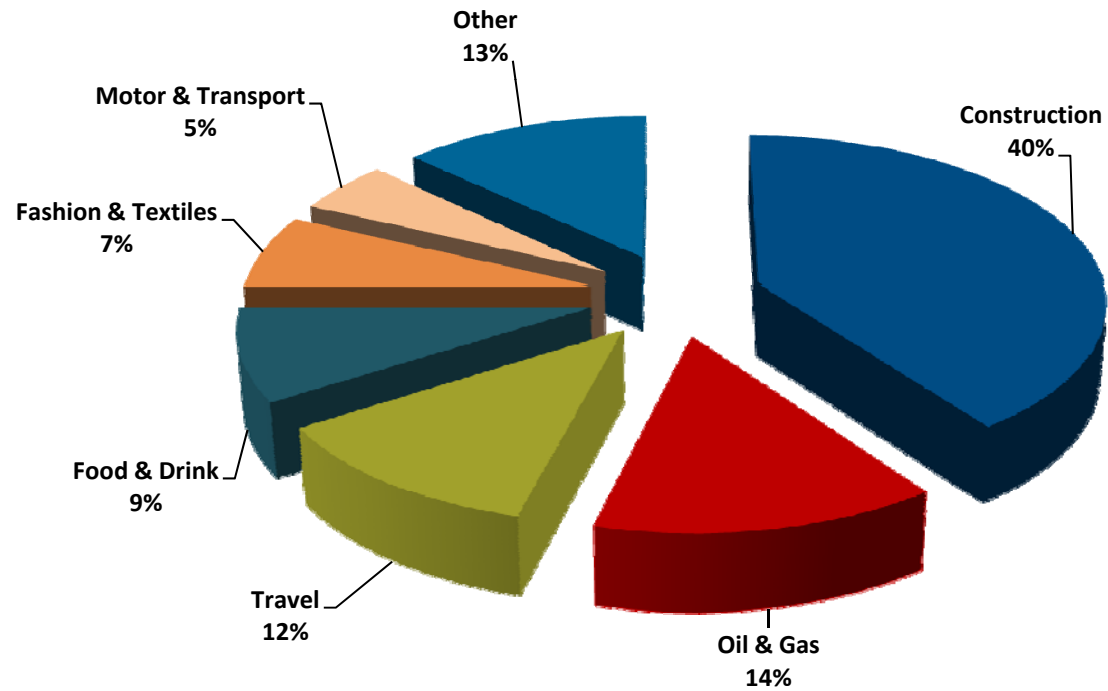
Revenue by Region FY 2009

ITE Group Revenue by Region



Revenue by Sector FY 2009

ITE Group Revenue by Sector



ITE 'Pre - Crisis'

Characteristics of the Market Place (at September 2008)

- End of sustained period of economic growth in our markets 5% – 10%
- Construction sector – ‘frothy growth’
- Under funded and immature banking system
- Local businesses built in era of growth – no credit facilities/ no experience of downturn
- International customers – bigger, more experienced and better funded

Characteristics of ITE'S business model–pre crisis (1)

- **Bookings made in advance by customers (1–9 months before event)**
- **Payments collected in advance of exhibition**
- **Trade visitors invited/non paying**
- **Customers 50% 'emerging' / 50% developed**
- **95% of revenues priced in hard currency**

Characteristics of ITE'S business model–pre crisis (2)

- Cost structure of an event:
 - 50% venue commitment – 1 year before
 - 20% staff – semi variable
 - 20% marketing – essential to quality
 - 10% on-site cost – variable
- Central & office overhead (15% of revenues)

Economic Crisis

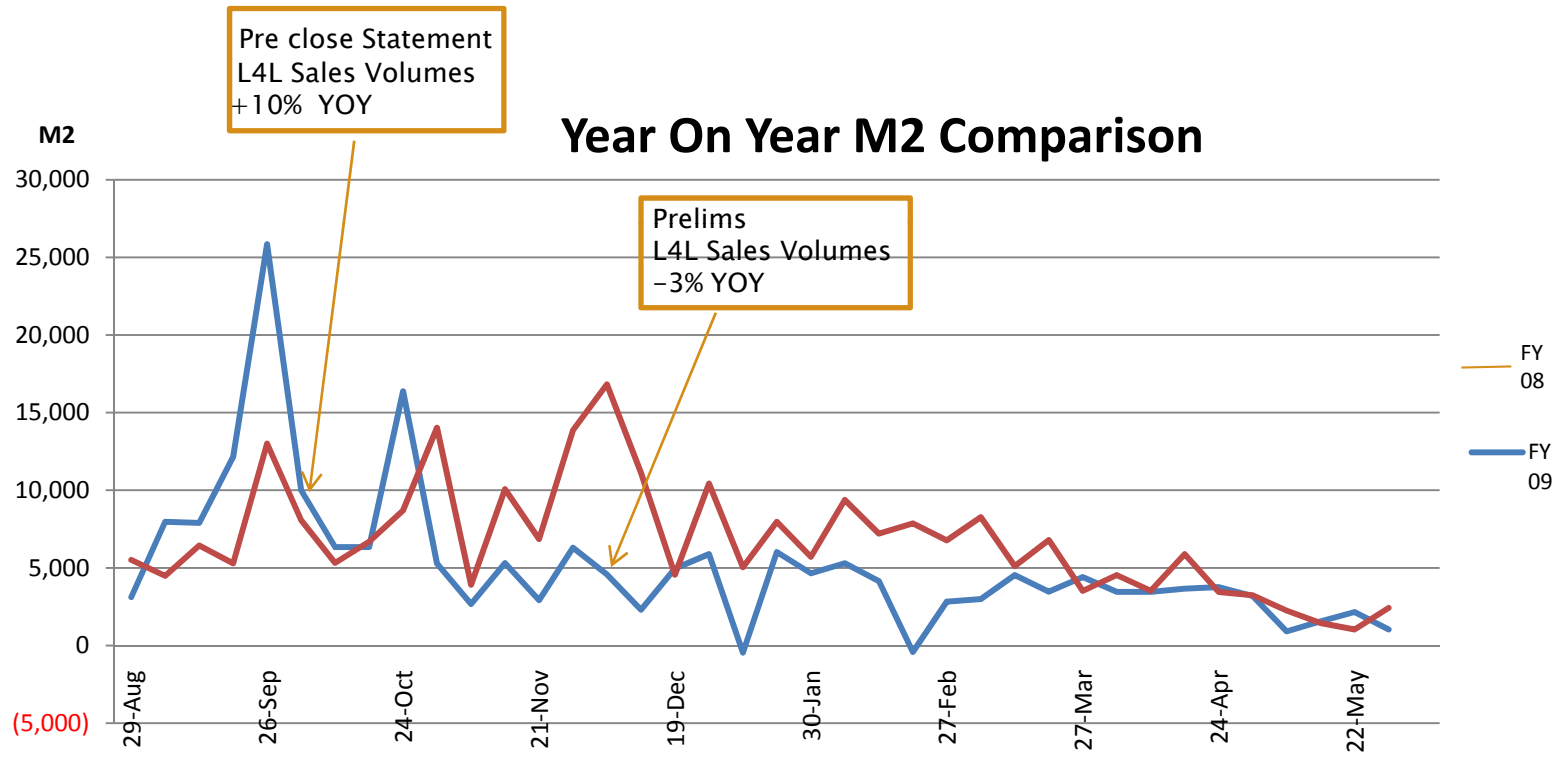
What happened?

- Economic “brakes” hit hard in December 2008
- Little Government Intervention
- Bank finance not available
- Currency devaluation – circa 30% across all markets

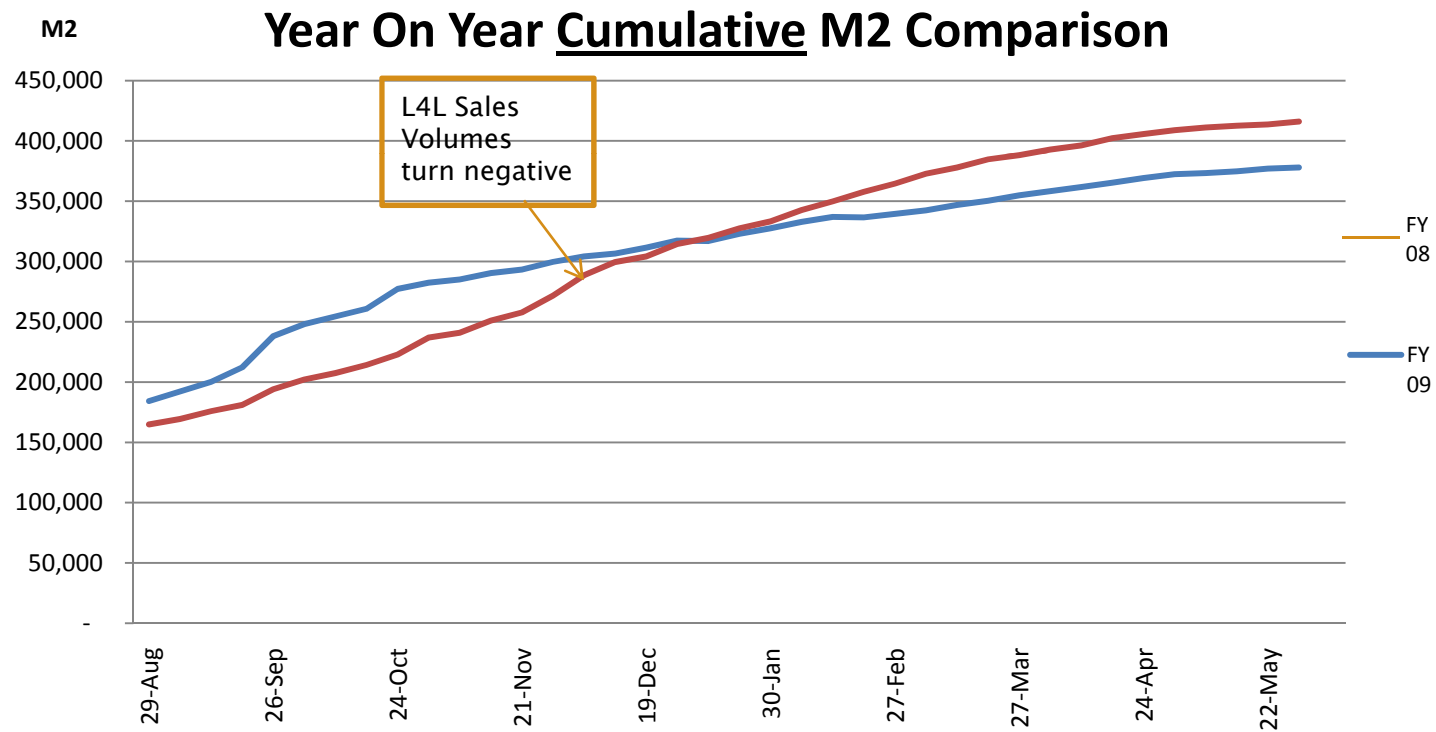
Result

- Over Dec 08/ Sep 09:
 - ‘Local Sales’ traumatised for future events
 - Cancellations/reductions on existing bookings
 - International sales more resilient

ITE'S Weekly Sales



ITE'S Weekly Sales



Result

- Over Dec 08/ Sep 09:
 - ‘Local Sales’ traumatised for future events
 - Cancellations/reductions on existing bookings
 - International sales more resilient
- ITE’s largest sector (40%) – construction was hardest hit

How did ITE manage

- Management experience of late 1990's – needed to take decisive action
- Reduced exposure to soft currencies – Dec 08
- Cut venue commitments– Jan 09
- All 'exhibition costs' (except marketing) cut pro-rata to m² sales decline
- Acted quickly on fixed costs – reduced staffing by 10%+
- Worked with customers to ensure continued participation
- Pricing/exchange rate flexibility offered to local customers
- Little discounting

After the Crisis

Final Analysis

- 2009 'Like-for-like' volume sales down by 20% +
- Working capital drain on ITE's business circa £10m
- We retain #1 exhibitions & events in markets
- Retained customers
- Overhead & costs 'rightsized' for recovery
- Balance sheet remained strong after absorbing financial impact

MosBuild 

worldfood 
MOSCOW


CASPIAN OIL & GAS

Mitt

12 Months Later

Markets

- National markets (Moscow) recovering well
- Regional markets – stable but not yet in recovery

Sectors

- ‘Consumer sectors’ Food/Travel stronger
- Construction – recovery in Moscow / stable elsewhere
- Oil & Gas – recovery in line with oil price

Customers

- Locals strong in Moscow / stable elsewhere
- Internationals weak throughout
 - poor sales last year
 - ‘domestic economies’ under pressure

Positioned for recovery – Russian Economy

- Russia is the worlds 11th largest economy
- 140m people – abundance of natural resources
- Little public debt – @5% of GDP (UK +80%)
- Little consumer debt
- Dependant on oil prices
- Significant investment required in new industries and infrastructure

Positioned for recovery

- Smaller competition has been reduced/eliminated
- Good assets available at lower prices
- Opportunities for ITE to expand sector spread

Conclusions

- Experience helps – read the signs
- Financial structure to absorb downturn
- Take decisive action early – especially on cost base
- Work with customers
- Protect your best assets
- Take advantage of new market opportunities

Q + A