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**ITE GROUP PLC**



# Investing in High Growth Markets

## Numis Media Conference

### April 2012

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# ITE GROUP PLC

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

➔ **Market leader in Russia & CIS**

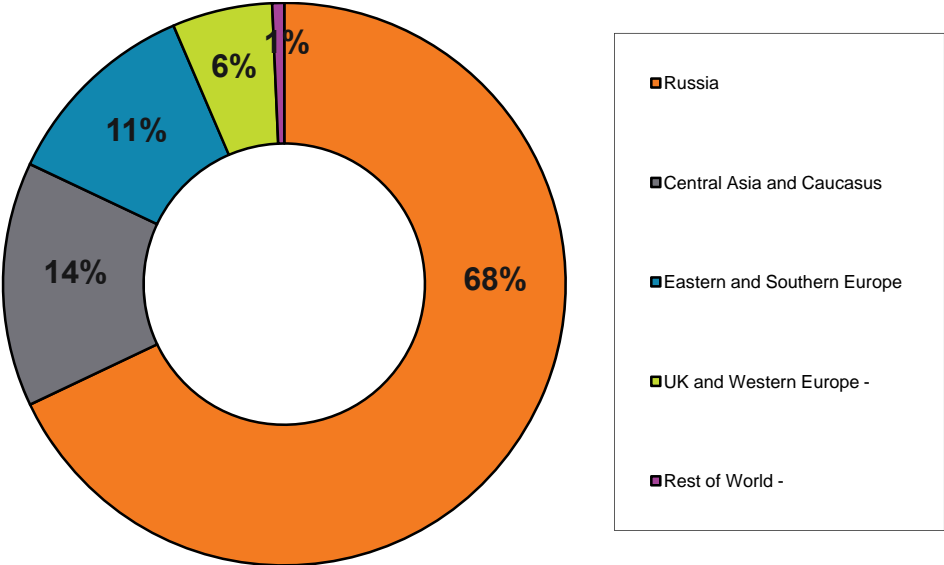
➔ **Significant presence in Turkey and India**

➔ **Annual revenues of circa £170m, Headline PBT circa £50m, Market Cap circa £550m**

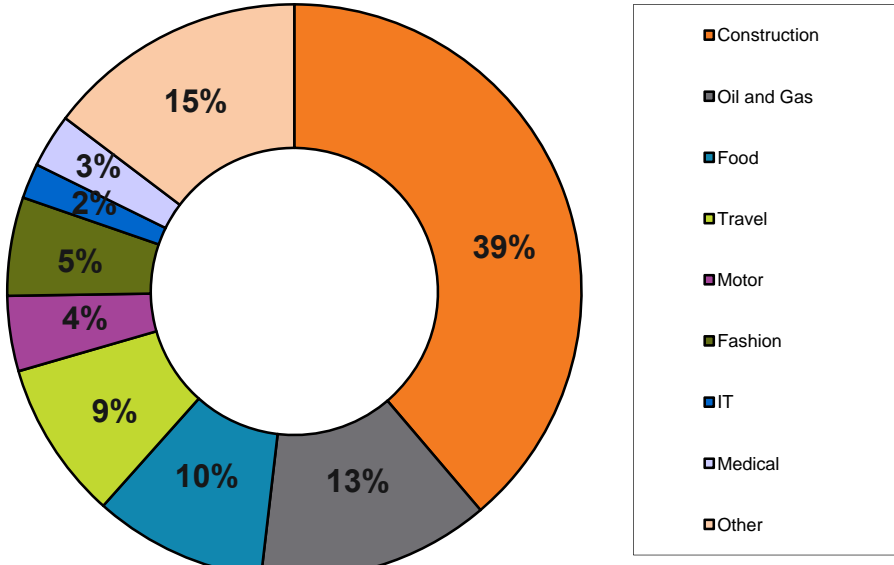


# Revenue by sector and region 2011

### Group Revenue by Region



### Group Revenue by Sector



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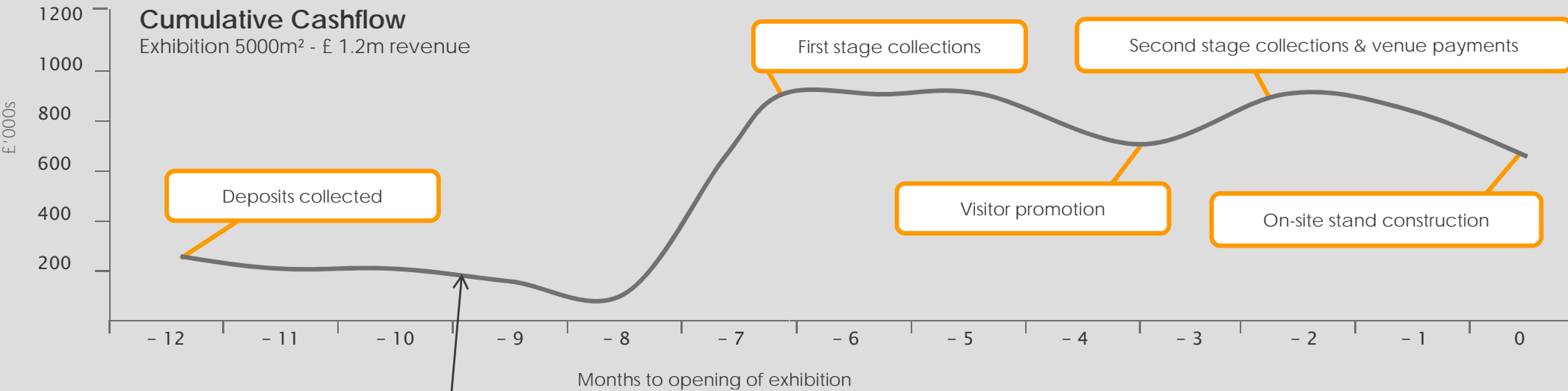
# Cash generation in an Exhibition Business

➔ **Cash Positive Model – generates negative working capital**

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

➔ **Forward sales contracting = excellent sales visibility**

# Exhibition – positive cash position



**Positive cash to  
the Group**

# STRATEGY

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# Strategy

## Primary Business objectives:

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

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# Strategic Priorities



To strengthen and build on existing market leadership



To grow and improve portfolio of international brands



To expand the business model 'in market' and 'new markets'



To invest in management development





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# Strategic Priorities

## To strengthen and build on existing market leadership

- Secure position of leading events
  - Attendance
  - Venue relationships
  - Web/social media
  - Quality of experience
- Secure competitive advantage
  - Industry expertise/relevance
  - Customer experience
  - Quality of attendance

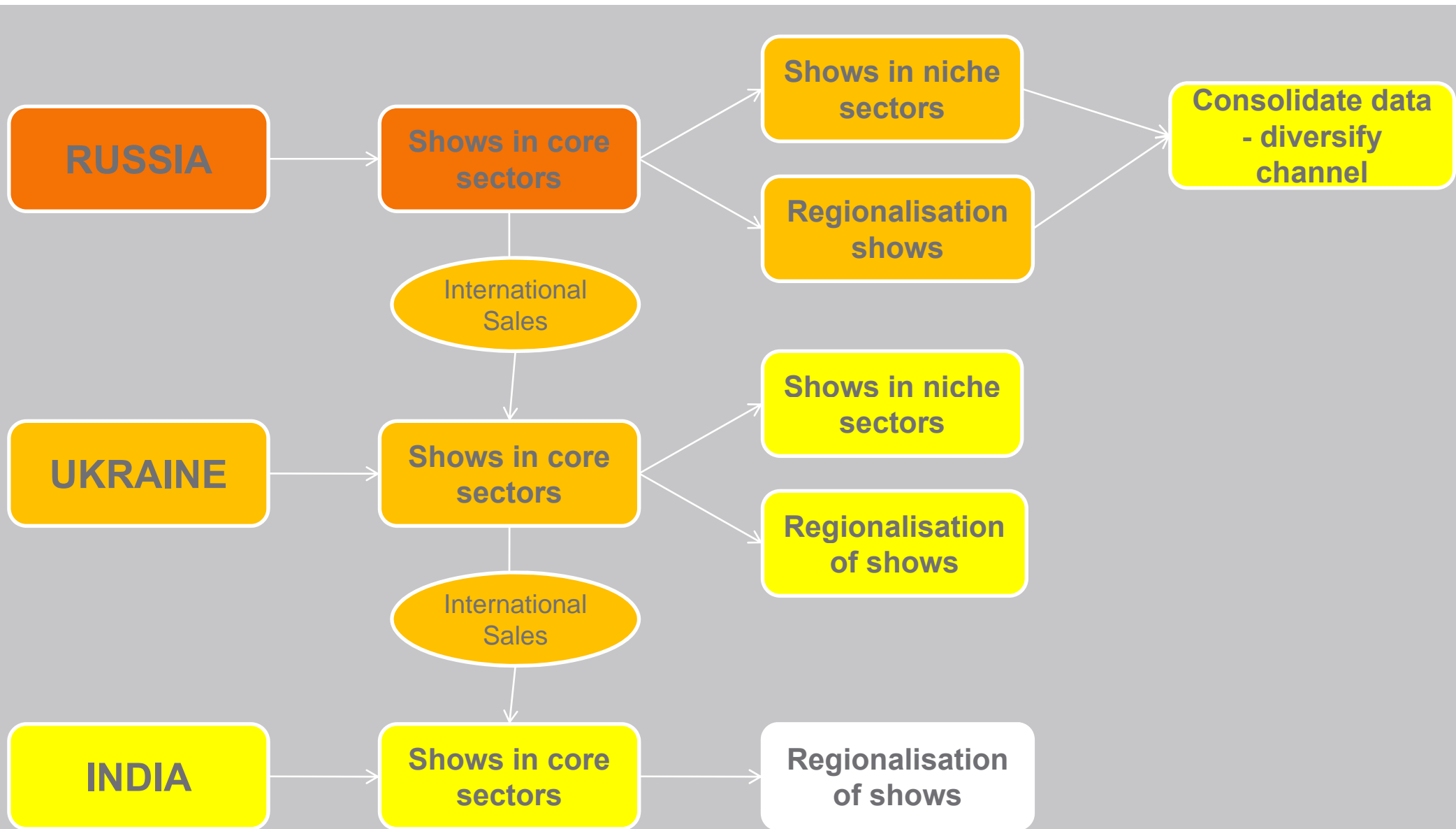
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# Strategic Priorities

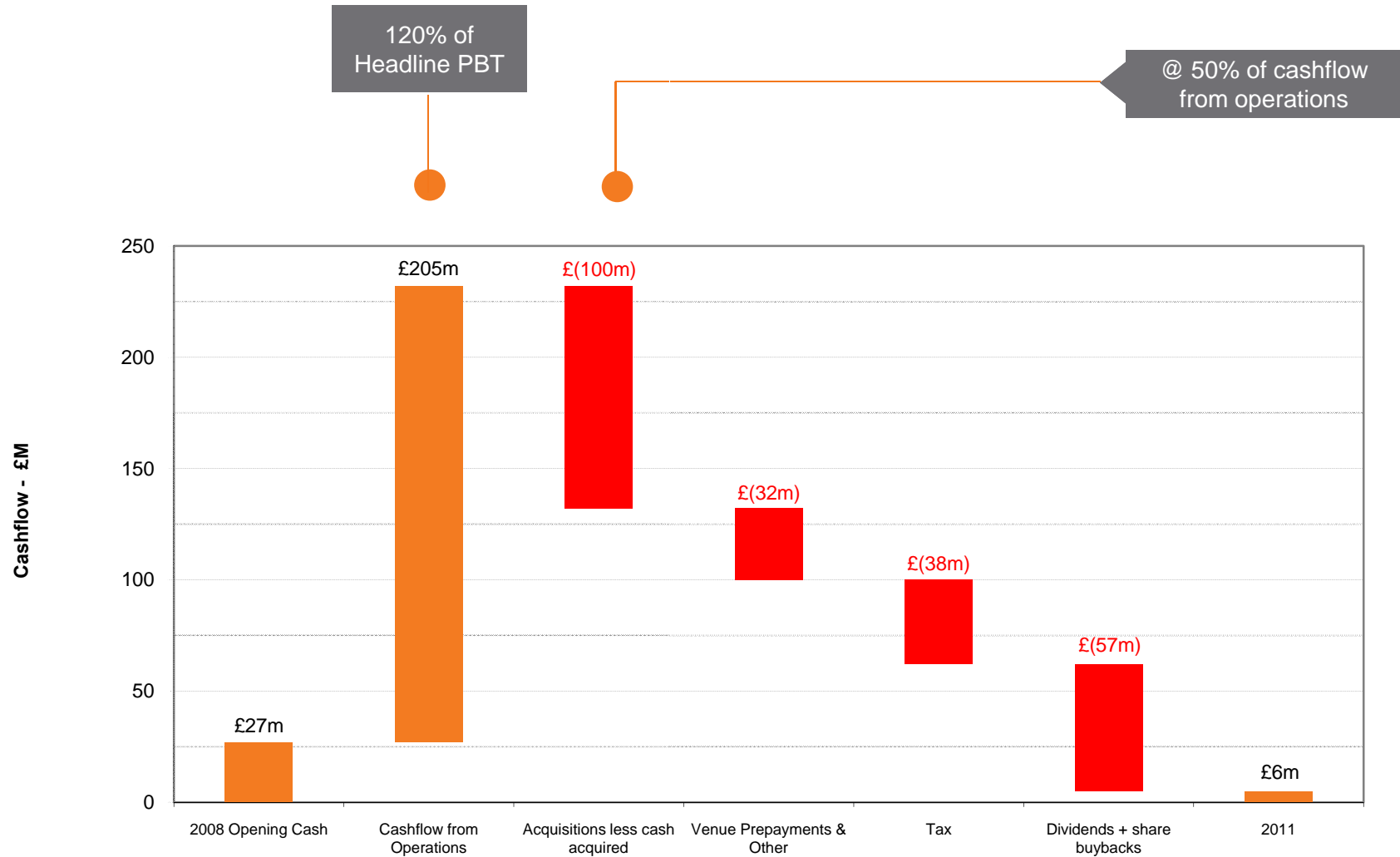
## To expand the business model 'in market' and 'new markets'

- Develop 'Geo-cloning' skills across the organisation
- Expand to new regions with **high economic growth** and an **under-developed exhibition industry**
- Invest in/build exhibitions with international participation/market leadership

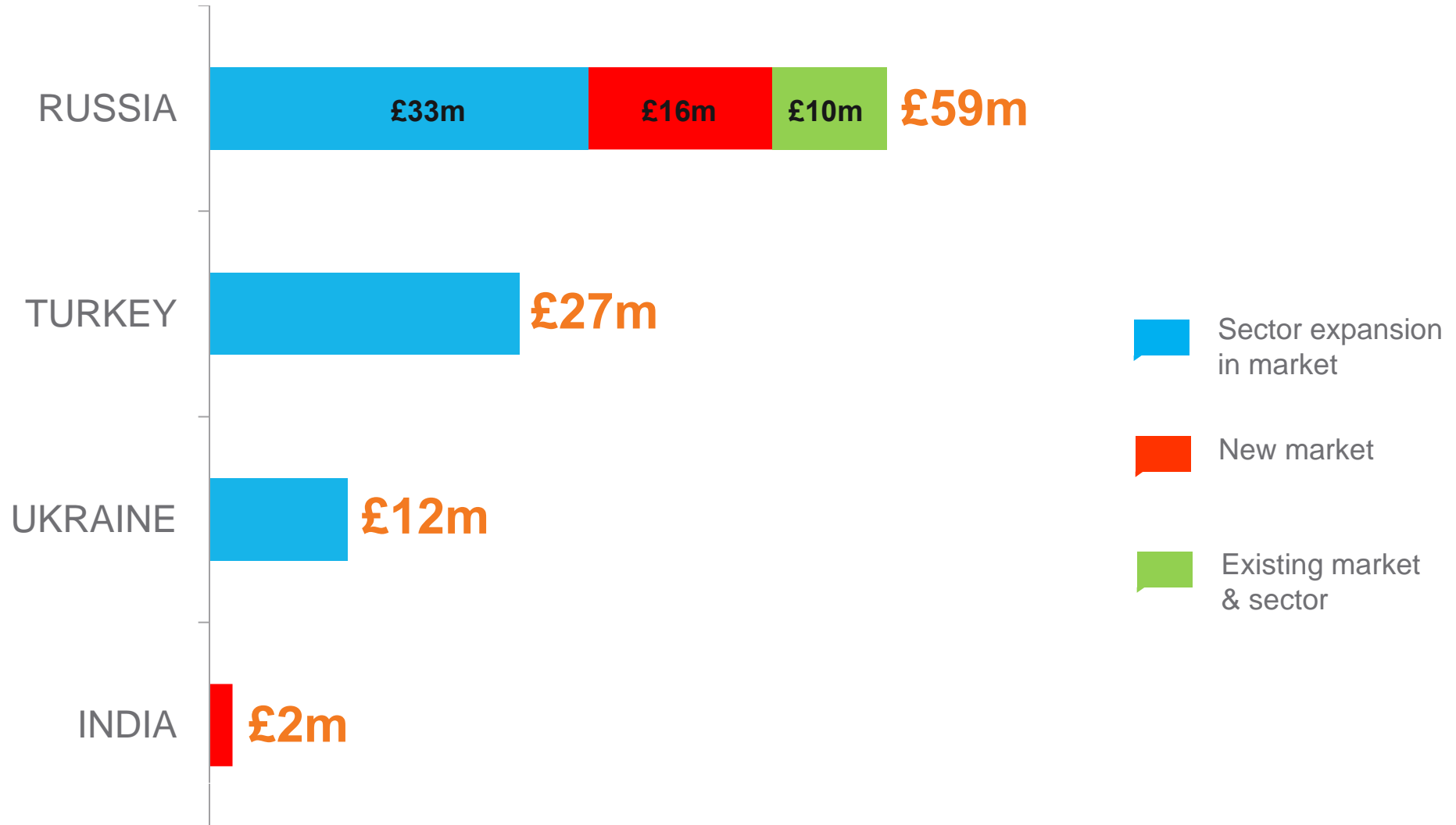
# Geo-channel Development Examples



# Cash Bridge - 4 financial years 2008 to 2011



# Acquisition expenditure 2008 to 2011



# Expansion to new markets

## Rationale for choice of new geographies



Source: IMF

# Expansion to new markets

## Identification of new markets

	GDP \$tn	Per capita \$k	GDP growth	Ex' ind size - % GDP
China	9.7	7.2	8.4%	0.024
India	3.9	3.2	6.1%	0.016
Russia	1.5	16.1	3.5%	0.042
Brazil	2.1	11.1	3.4%	0.028
S Korea	1.0	20.6	4.5%	0.016
Indonesia	0.7	3.0	6.2%	0.012
Mexico	1.7	15.5	3.2%	0.004
Turkey	0.9	13.1	2.9%	0.044
Singapore/Malaysia/ Thailand	0.8	7.9	4.5%	0.040
GCC (inc Saudi Arabia)	1.2	29.2	4.0%	0.041

Other potential growth economies include: Philippines; Nigeria; Iran

# Expansion to new markets

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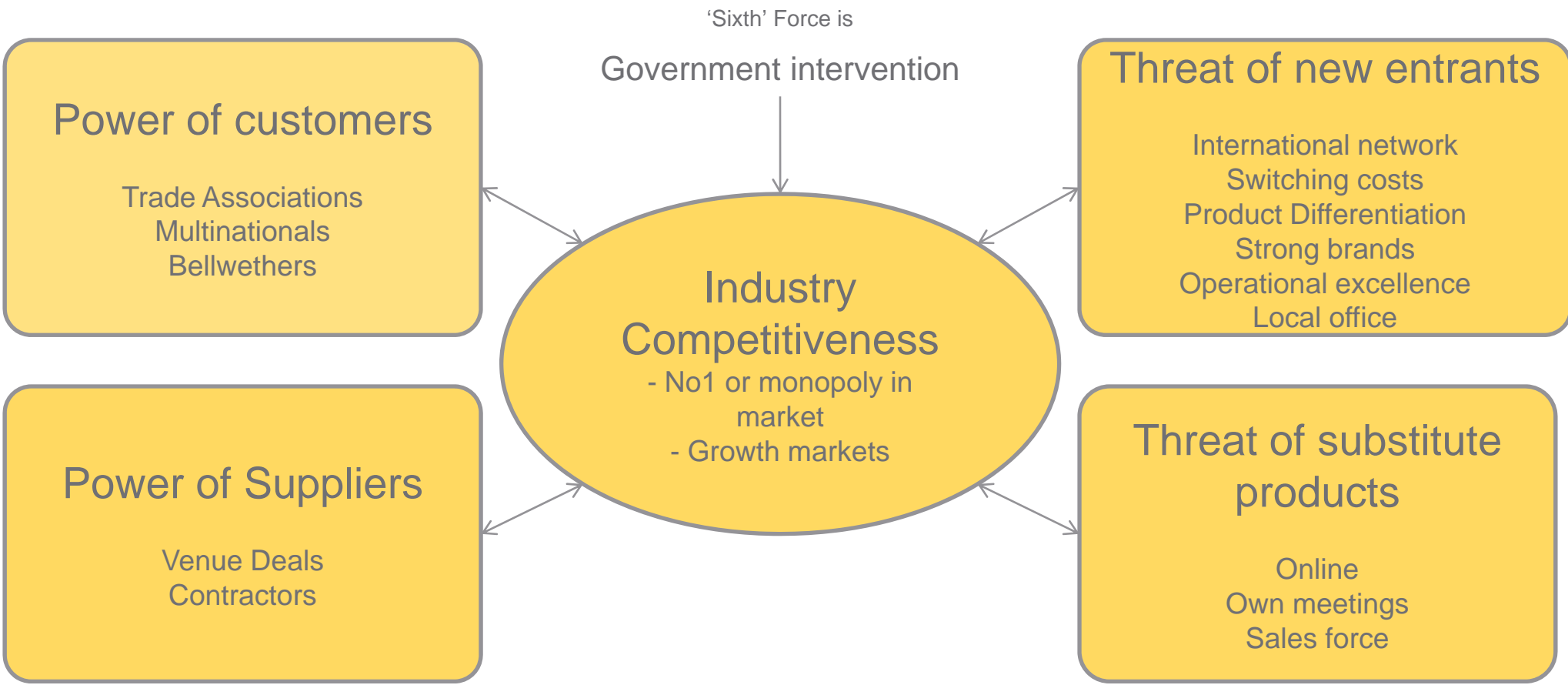
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# Expansion to new markets

## Market Leadership



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# Conclusion

## Continue to....

- Invest in markets with [7%-10%] annual growth in the exhibition sector
- Invest free cash flow at multiples 6-8x [3%+]
- Produce **sustainable** growth in annual profits of 10%+ p.a. (over cycle)

# A Good Record of delivery so far....

	Year ended 30 September					Growth '07 to '11
	2007	2008	2009	2010	2011	
Volume sales ('000 sqm)	455	500	423	491	644	42%
Revenue £'m	99	108	117	114	156	58%
PBT (Headline) £'m	35.3	37	45.8	36.6	51.4	46%
Headline Diluted EPS (pence)	9.4	10.1	14.2	11.6	16.6	76%

+ 10% compound

+ 15% compound