

# ITE Group PLC

Preliminary Results  
Year ending 30<sup>th</sup> September 2006



## ITE Group PLC: Preliminary results – Year ended 30 September 2006

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### Highlights for the year to 30 September 2006

- Continuing strong demand for exhibitions throughout markets
- Turnover of £82.4m – 16% up on biennially adjusted basis
- Headline profits before tax of £26m – 25% up on biennially adjusted basis
- Successful integration of acquisitions: AgriHort, Footwear
- Acquisition of 2 cleaning events in Moscow; Gifts in Kyiv
- Strong growth in construction sector – sales up 30% across all markets
- New venue agreement secured to 2014 in Kyiv
- 27% increase in dividend to 3.5p (2005 : 2.75p)
- Forward sales up in excess of 10%

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### Financial highlights for the year to 30 September 2006

	2006 Audited	2005 Audited	
• Turnover	£82.4m	£78.5m	Biennially adjusted revenue up 16%
• Gross profit margins	47%	46%	Gross margin up 1%
• Share of Associate	£0.6m	£0.4m	
• 'Headline' Operating profit	£25.2m	£23.8m	Biennially adjusted operating profit up 30%
• Net finance income	£0.8m	£1.5m	£30m buyback – reduced cash balances
• Headline profit before tax	£26.0m	£25.3m	Biennially adjusted headline profits up 25%
• Tax rate	30%	27%	
• Headline diluted EPS	7.0p	6.6p	
• Dividend per share	3.5p	2.75p	

'Biennially adjusted' – results adjusted to remove the effect of non-annual events

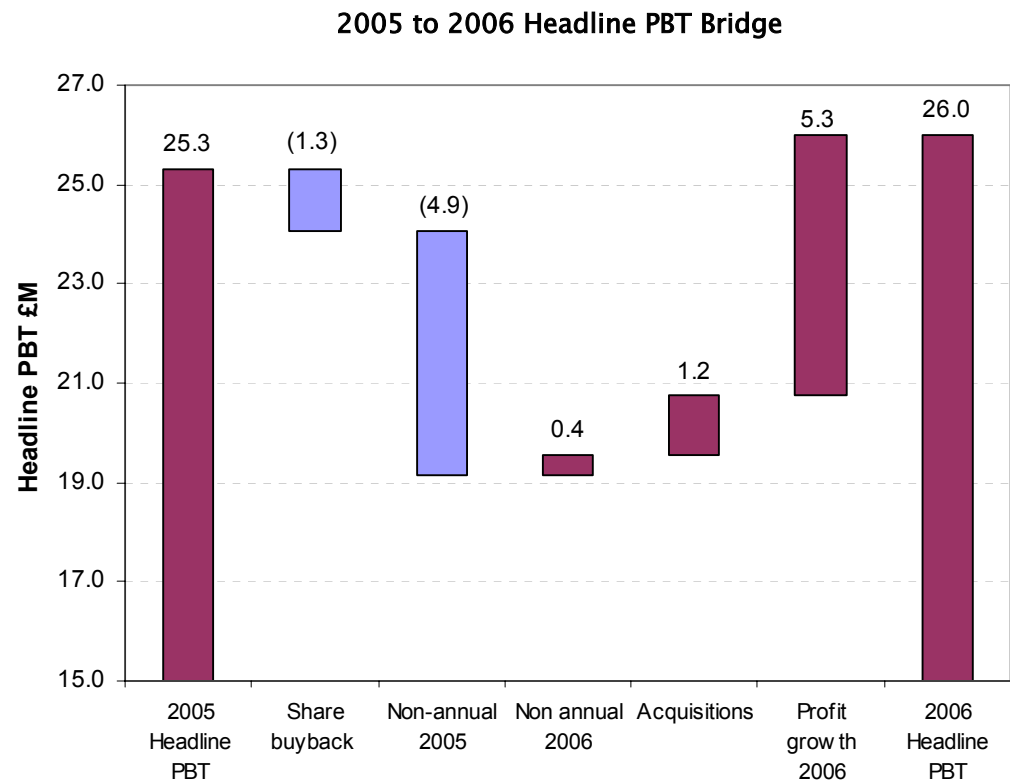
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## 2005 to 2006 Headline PBT Bridge

### Notes:

- Share buyback August 2005 – £30m
- Non-annual 2005: MIOGE, WPC
- Non-annual 2006: Neftegaz, Ankomak
- 2006 Acquisitions: BTO AgriHort, Footwear
- Profit growth – net increase in profits from underlying business



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## Summary profits and loss account

		30 Sept 2006 Audited £m	30 Sept 2005 Audited £m
Turnover	- annual	80.1	68.5
	- non-annual	<u>2.3</u>	<u>10.0</u>
		<u>82.4</u>	<u>78.5</u>
<b>Gross Margin</b>		<b>47%</b>	<b>46%</b>
Gross Profit	- annual	38.1	31.1
	- non-annual	<u>0.4</u>	<u>4.9</u>
		<u>38.5</u>	<u>36.0</u>
Other income		0.3	0.3
Net operating expenses (before amortisation)		(14.1)	(12.9)
Contribution from associates		0.6	0.4
Net finance income		0.7	1.5
Headline profit before tax	- annual	25.6	20.4
	- non-annual	<u>0.4</u>	<u>4.9</u>
		<u><b>£26.0m</b></u>	<u><b>£25.3m</b></u>

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## Consolidated balance sheet

	30 Sept 2006 Audited £'m	30 Sept 2005 Audited £'m
<b>Non Current Assets</b>		
• Goodwill & Intangibles	40.3	38.8
• Tangible Assets	1.3	1.1
• Associates & Investments	1.4	1.4
• Venue advances (due after 1 year)	3.0	2.2
• Deferred Tax	<u>2.0</u>	<u>1.4</u>
	48.0	44.9
<b>Current Assets</b>		
• Debtors due within 1 year	29.5	22.7
• Cash	<u>21.2</u>	<u>13.0</u>
	50.7	35.7
<b>Creditors</b>		
• Deferred Revenue & Creditors	50.7	43.9
• Deferred Consideration & Provisions	<u>4.4</u>	<u>4.7</u>
	55.1	48.6
<b>Net Assets</b>	<u>43.6</u>	<u>32.1</u>

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### Cash flow

	30 Sept 2006 Audited £m	30 Sept 2005 Audited £m
Net Cash Flow from Operations	34.2	29.3
Net Interest + Dividend receipts	0.7	1.9
Taxation	<u>(9.1)</u>	<u>(8.4)</u>
<b>Free Cash Flow</b>	<b>25.8</b>	<b>22.8</b>
Capital Expenditure	(0.4)	(0.4)
Net Loans – venue & other	(7.4)	0.4
Acquisitions	<u>(3.0)</u>	<u>(5.8)</u>
<b>Available for distribution</b>	<b>15.0</b>	<b>17.0</b>
Dividends Paid	(7.1)	(7.1)
(Purchase)/Issue of shares	–	(30.0)
Effect of forex	0.3	(0.5)
<b>Increase/(Decrease) in cash</b>	<b><u>8.2</u></b>	<b><u>(20.6)</u></b>

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## Currency & hedging

### 2006 currency & sales

<u>Sales</u>	<u>2006 sales</u>	<u>% of Revenue</u>	<u>International Sales</u>	<u>Av. Sales Rate 2006</u>
Euro based	£53.0m	64%	£35m	1.47
US Dollar based	£18.4m	22%	£4m	1.82
Other	£11.0m	14%	£11m	1.0
	<u>£82.4m</u>		<u>£50m</u>	
			61%	

### ITE's monetary assets

<u>Currency</u>	<u>Exchange Rates</u>		<u>Net Exposure</u>	<u>Forward Cover</u>
	<u>30 Sept'06</u>	<u>30 Sept'05</u>	<u>30 Sept'06</u>	
Euro	1.48	1.46	€(1.0m)	€15.0m
US Dollar	1.88	1.76	\$3.3m*	-

\* \$6.0m relates to venue advances

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## Sales & yields analysis

		Square metres 000s	Revenue £m	Gross Profit £m	Average Yield £
Notes:					
3% Yield dilution in 2006	2005 Results from Events	340.9	77.3	35.6	
• Acquired events (50%)	Non annual 2005	-23.9	-10.0	-4.9	
• MIMS re-pricing (25%)	2005 'Biennially adjusted'	317.0	67.3	30.7	£212
• Growth mix (25%)	Acquisitions	20.9	2.7	1.2	
	'Like for like' growth	42.7	8.3	5.4	
	2006 'Biennially adjusted'	380.6	78.3	37.3	£206
Yields in 2006 – £206	Non annual 2006	45.0	2.3	0.4	
Yields in 2002 – £206	2006 Results from Events	425.6	80.6	37.7	

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### ITE business by type - 2006

	Number Of events	Revenue £m	% of Total
Trade Exhibitions	129	76.9	93.4%
Consumer Exhibitions	4	1.6	2.0%
Conferences	<u>13</u>	<u>1.8</u>	<u>2.2%</u>
Events Total	146	80.3	97.6%
Publishing/Other		2.1	2.4%
		<u>82.4</u>	<u>100%</u>

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### Growth in key exhibitions

#### Growth in Key Exhibitions (excluding non Annual events)

	2006 m <sup>2</sup> <u>(000's)</u>	2005 m <sup>2</sup> <u>(000's)</u>	<u>Growth</u>
Events ranked by 2006 gross profit			
Top 10 Events	210	174	21%
11 – 20 Events	56	39	44%
Other Annual events	<u>115</u>	<u>104</u>	11%
Total Annual events	<u>381</u>	<u>317</u>	21%

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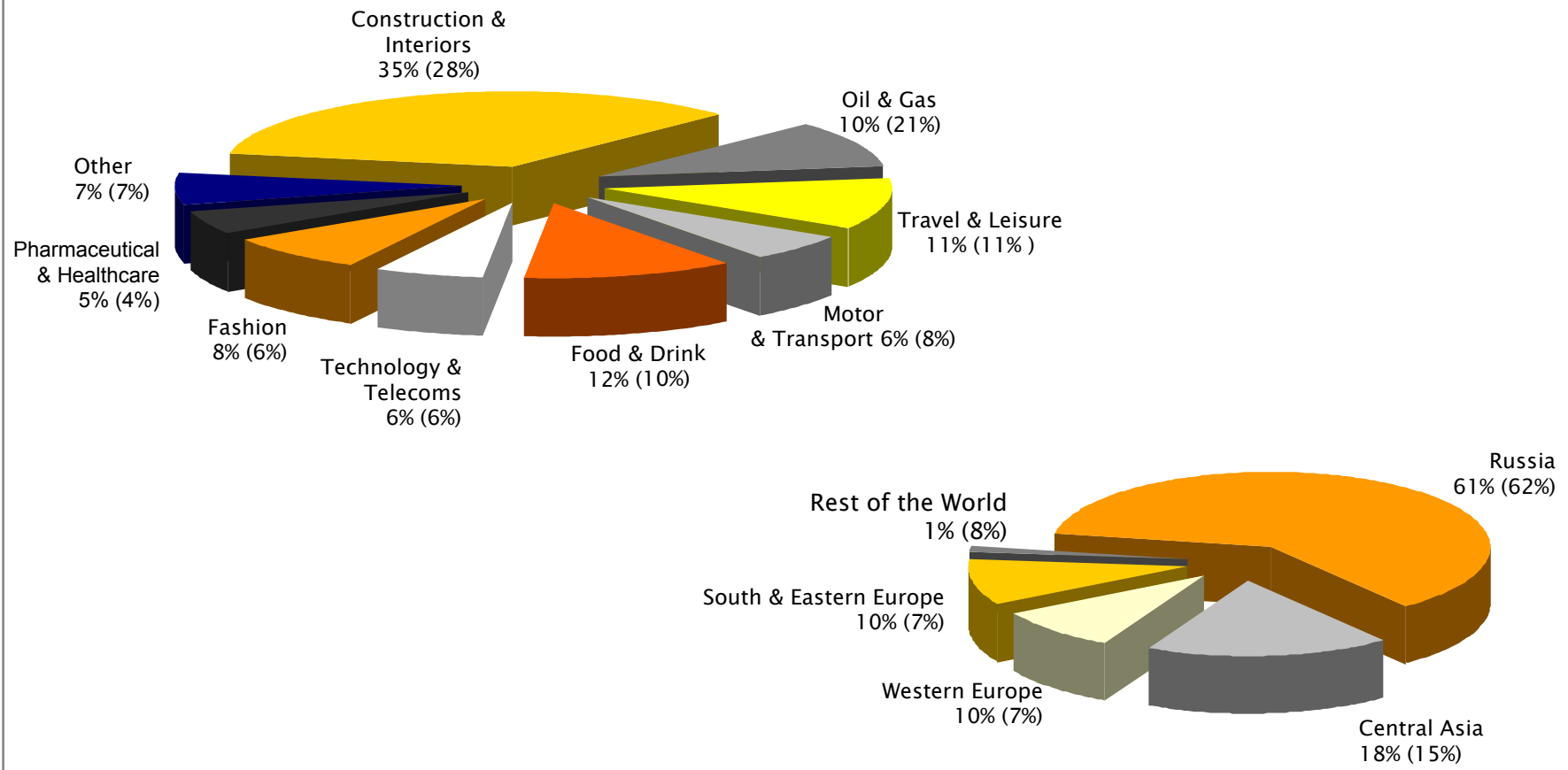
### Key exhibitions (in 2006 gross profit order)

<u>Rank</u>	<u>Event</u>	<u>Location</u>	2006 <u>m<sup>2</sup> sold</u>	2005 <u>m<sup>2</sup> sold</u>
1	MosBuild & MosBuild+	Moscow	68,300	54,400
2	Moscow International Travel & Tourism (MITT)	Moscow	19,500	19,300
3	World Food Moscow	Moscow	22,200	20,300
4	MODA UK (bi-annual)	U.K.	33,900	23,800
5	Kazakhstan Oil & Gas and conference	Kazakhstan	7,900	7,400
6	Expoelectronica	Moscow	9,000	7,400
7	Baltic Building Week	St Petersburg	10,200	10,200
8	Moscow International Motor Show	Moscow	17,700	16,900
9	Kazbuild (Spring & Autumn)	Kazakhstan	14,900	8,300
10	Ingredients Russia	Moscow	5,600	5,500
			<u>209,300</u>	<u>173,500</u>
	% of ITE's 2006 Gross Profit earned by Top 10 events		70%	

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## Revenue by sector and region 2006 (2005)



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## ITE's customers 2006

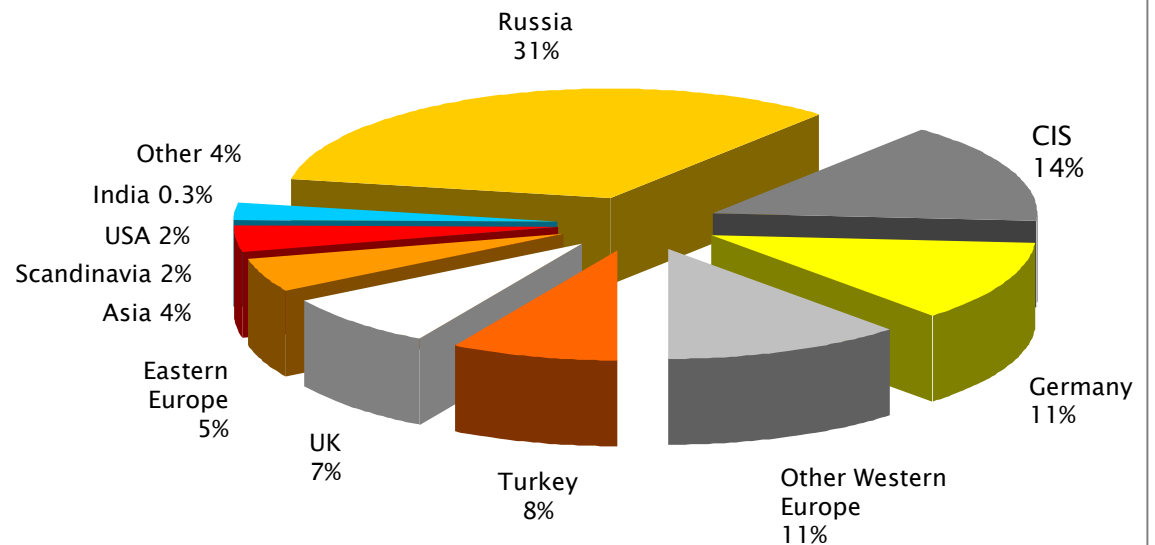
### ITE's Revenue by origin of customer:

- 45% from Russia & CIS
- 42% from Europe

### New target growth areas:

- only 4% from Asia
- only 2% from USA

Event Revenue by Customer Origin



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### ITE's local office infrastructure

Office	Country	Staff	2006 Events	2006 Revenue £m
Moscow	Russia	130	30	41.3
St Petersburg	Russia	61	14	6.4
London	UK	91	-	-
North England	UK	36	6	7.8
Almaty, Astana, Atyrau	Kazakhstan	102	28	9.9
Kyiv	Ukraine	69	23	5.1
Istanbul	Turkey	28	9	3.2
Hamburg	Germany	28	-	*2.6
Tashkent, Bishkek	Uzbekistan/Tajikstan/Kyrgystan	44	14	2.0
Baku, Tbilisi	Azerbaijan/Georgia	37	17	3.1
Other	Africa/China/Iran	21	5	1.0
<b>TOTAL</b>		<b>647</b>	<b>146</b>	<b>82.4</b>

\* Agency income on sales to Russia & CIS events

## Trading update

### Sales

- £54m of sales booked for 2006 – 07  
(£43m of sales booked at same time last year)
- 59% of market expectations for 2006 – 07 now booked  
(57% this time last year)
- £29m of booked sales for 2006 – 07 collected (54%)  
(49% same time last year)
- Like for like forward bookings for 2005/06 are up 10%+ compared with same time last year

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## Russia: Moscow, St Petersburg

### Key Developments

- Growth in biennially adjusted revenue of 13%
- Mosbuild and Mosbuild+ grown by 25% to 68,000m<sup>2</sup>
- Moscow International Motor Show 're-positioned' successfully at Crocus
- Expoelectronica grown by 20% to 9,000m<sup>2</sup> – transfer to Crocus
- Successful initiatives, Babytime, Select Travel, MIBS Autumn, Ingredients to Crocus, Pharmaceuticals
- Maxima Acquisitions: Expoclean, Bytchemexpo

### Outlook

- New pavilion at Expocentr – available for Mosbuild 2007 – 4,000m<sup>2</sup>
- Mosbuild+ Crocus 'top deck' 2<sup>nd</sup> level expansion
- Price increase at Crocus – 8.5%
- MIBS switch to Crocus
- Crocus commenced building Pavilion 3 – delivery late 2007/08
- Automechanika Joint venture
- MSI license

	2006	2005
<b>m<sup>2</sup> '000</b>	206	194
<b>Revenue</b>	£50m	£48m
<b>Biennially Adjusted</b>	£49m	£44m

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## Central Asia: Kazakhstan, Azerbaijan, Uzbekistan, Georgia, Kyrgyzstan

### Key Developments

- Revenue and profit growth 20%+
- Launch of Kazbuild Spring (4,000m<sup>2</sup>+)
- Strong growth in construction sector throughout all offices (Atyrau 10%, Astana 21%, Baku 30%, Uzbuild 14%)
- Almaty new pavilion 11 (5,600m<sup>2</sup> gross) completed in September for Kazbuild and KIOGE 2006
- New office in Bishkek, Kyrgyzstan
- Azerbaijan – strong Bakubuild/Oil and Gas
- Uzbekistan – strong Textile/Oil and Gas

### Outlook

- New pavilion available for KIOGE 2007: October 2006 : 9,700m<sup>2</sup> (October 2005 : 7,900m<sup>2</sup>)
- Baku – need for improved facilities

	2006	2005
<b>m<sup>2</sup> '000</b>	72	59
<b>Revenue</b>	£15m	£12m
<b>Biennially Adjusted</b>	£15m	£12m

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## Eastern & Southern Europe: Ukraine, Turkey

### Key Developments

- Ukraine International travel – growth of 20%+
- Successful initial contribution from AgriHort event (Kyiv)
- Kievbuild growth of 40%+
- Venue deal extended to 2014
- Phase II of venue delivered January 2006
- Best contribution from EUF business (100% owned)
- Ankomak 40,000m<sup>2</sup>+

### Outlook

- Kyiv – Phase III venue to be delivered January 2007
- Exit from 50% associate in Turkey preferred

	2006	2005
<b>m<sup>2</sup> '000</b>	104	49
<b>Revenue</b>	£8m	£5m
<b>Biennially Adjusted</b>	£7m	£5m

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## Western Europe

### Key Developments

- Successful integration of Footwear acquisition – ROI 25%
- Final 10% minority interest acquired in MODA – £1m
- Magazine publishing strong – complementary to exhibitions

### Outlook

- Flat UK retail – new sectors targeted
- London Footwear re-positioned

	2006	2005
<b>m<sup>2</sup> '000</b>	36	25
<b>Revenue</b>	£8m	£6m
<b>Biennially Adjusted</b>	£8m	£6m

## Rest of World

### Key Developments

- Successful U.N.C.T.A.D event in Algeria
- New office opened in Algeria – Sonatrach relationship
- Sales office in Beijing – outbound sales

### Outlook

- Sonatrach event in November 2007
- WPC relationship – 2008
- Oil and Gas conference – China

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### Key performance indicators

	2006	2005
Fully diluted Headline earnings per share	7.0p	6.6p
'Like for like' organic growth	13%	11%
Volume sales (excluding non-annual) '000m <sup>2</sup>	381	317
Average yield per m <sup>2</sup> sold	£206	£212

### Prospects for business 2007 and beyond

- Continuity of strategy – Organic growth focus
- Continued leverage of market leading positions
- Possible future pricing opportunities – only one significant increase in the past 4 years
- Further possible venue swaps to formulate more growth
- Significant organic growth still to come over the next 5 years
- WPC opportunities 2008+
- ITE is the logical ‘buyer of choice’ in Russia and CIS
- Identified acquisition prospect targets for 2007 (In 2006 \$55m not pursued)

Appendices

- I Shareholder structure at 27 October 2007
- II Key management team
- III Venue prepayments and loans
- IV Overview of ITE Group plc

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### Appendix I

#### Shareholder structure at 27 October 2006

	%	No. of Shares (millions)
• Aberforth	13.1%	34.3
• Schroders	12.1%	31.8
• Merrill Lynch	9.7%	25.2
• Barclays Global Investor	7.2%	18.9
• Ceyda Erem	6.7%	17.6
• Fidelity	6.2%	16.2
• Edward Strachan	4.0%	10.4
• ESOT	3.6%	9.4
• AXA Framlington	3.5%	9.2
• Threadneedle Investments	3.1%	8.1
• Legal and General	2.9%	7.7
• Old Mutual Asset Managers	2.4%	6.1
• Globeflex Capital	2.2%	5.8
• Standard Life	2.0%	5.3
• JP Morgan Fleming	2.0%	5.2
• Other Management	0.1%	0.3
• Other Institutions and individuals	19.2%	49.4
Total Shares in issue	100%	260.9
Options in the money:		15.1m
Management including options in the money	9.6%	
Free float	92.0%	
Average daily trading volume (12 months)		0.5m

Key management team

Iain Paterson	Chairman	59, Non Executive Chairman since May 2002, former Board member at Enterprise Oil; Chairman of Sondex PLC, and non Executive at MOL Rt, Hunting plc and Armor Group International plc
Ian Tomkins	CEO	42, ACA, joined ITE in 1998 as Deputy Finance Director, became Finance Director in May 2000 and CEO in Oct 2002
Russell Taylor	Finance Director	48, ACA, joined ITE in 2003, formerly Finance Director at Earls Court Olympia Group and Air Miles International Group
Edward Strachan	CIS Regional Director	42, Operational Manager for ITE in Russia, the CIS and the Caspian region since 1992. ITE Board Director since 2003
Alexander Shtalenkov	General Director Moscow	41, Joined ITE in 2005, formerly Managing Director for Dell distribution in Russia, formerly IBM Management
Stephen Keen	Sales & Operations Director – Moscow	41, Joined ITE in 2000. Based in Moscow managing sales and operations of the Moscow portfolio

Venue prepayments and loans

<u>Venue</u>	<u>Location</u>	<u>Prepayments 30-09-06</u>	<u>Theme Protection</u>	<u>Rates Agreed</u>
Expocentr	Moscow	-	2010	2007
Crocus	Moscow	£2.8m	2015	2007
Lenexpo	St Petersburg	£1.0m	2012	2012
Atakent	Almaty	£1.0m	2010	2010
IEC	Kiev	£1.8m	2014	2011
Uzexpocentr	Tashkent	£0.2m	2011	2011

## Overview of ITE Group plc

- ITE is the world's leading organiser of B2B trade exhibitions in Russia, Central Asia, Ukraine and Turkey
- ITE employs 650 people across its 19 offices
- ITE organises 150 exhibitions and conferences in 15 countries each year
- Key Financial data:

<b><u>Profit &amp; Loss</u></b>	<b><u>2006</u></b>		<b><u>Balance Sheet</u></b>	<b><u>2006</u></b>
Revenues	£82.4m		Fixed Assets	£45.0m
Gross Profit	£38.5m		Venue advances	£7.1m
Operating Profit (pre-amortisation)	£25.2m		Cash	£21.2m
Finance	£0.8m		Net working capital	£(25.3m)
<b>Headline Profit before Tax</b>	<b>£26.0m</b>		Provisions	<b>£(4.4m)</b>
<b>Diluted Headline EPS</b>	<b>7.0p</b>		<b>Net assets</b>	<b>£43.6m</b>
<b>Dividend per Share (full year)</b>	<b>3.5p</b>			