ITE in Russia
Presentation to Investors & Analysts
September 2013, Moscow
Добро пожаловать

pronounced: dabro pazhalovat’
Welcome

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General Director – ITE Russia
ITE in Russia

Russia 2012

- Population (Mn): 141.9
- GDP ($Bn): 2,022
- GDP growth: 3.4%
- Exhibition market value ($Mn): 777

ITE in Russia 2012

- Exhibitors: 22,879
- Countries represented: 105
- Visitors: 779,347

Top 5 Exhibition organisers in Russia by organising revenues in 2011

- ITE: 52%
- Expocentre: 22%
- Messe Düsseldorf Moscow: 12%
- Restec: 6%
- Crocus International: 4%
- Other: 4%

ITE market share in Russia in 2007 - 9%

1. ITE business in Russia
1. ITE business in Russia
ITE in Moscow

- City population (millions) 12.0
- Office established 1991
- Staff 220
- Events 39
- Net Space (000m²) 243
- Revenue (£000s) 81,049

- Leading events:
  - MosBuild
  - MIOGE
  - World Food Moscow
  - MITT
  - Aquatherm
ITE office in Moscow
2012/2013 FY

- More than 369,000 visitors – max. 26,700 visitors a day on 3 April
- 26 gala dinners, attended by 7,350 guests
- 103 websites in operation
- More than 384,000 incoming calls – a peak of 3,260 incoming calls on 11 March
- 33,000,000 emails - a peak of more than 656,000 sent on 27 March
ITE in St. Petersburg

- City population (millions) 4.9
- Office established 1996
- Staff 69
- Events 17
- Net Space (000m²) 35
- Revenue (£000s) 8,992

- Leading events:
  - Expo-Electronica (Moscow)
  - Mining World Russia (Moscow)
  - Interstroyexpo
  - Expoclean
  - Sfitex
ITE in Novosibirsk

- City population (millions) 1.5
- Business acquired 2008
- Staff 109
- Events 25
- Net Space (000m²) 43
- Revenue (£000s) 6,725

- Leading events:
  - SibBuild
  - Sibfurniture
  - Mashex
  - Sibjeweller
  - Autosib
ITE in Krasnodar

- District population (millions) 5.3
- Business acquired 2011
- Staff 62
- Events 35
- Net Space (000m²) 69
- Revenue (£000s) 8,397

- Leading events:
  - YugBuild
  - Yugagro
  - Umids
  - Dentima
  - Wines & Beverages
ITE’s business in Russia - Summary
FY 2011/12

<table>
<thead>
<tr>
<th>Office</th>
<th>Average staff count</th>
<th>Number of events</th>
<th>Net exhibition space 000 (m²)</th>
<th>2012 Revenue (£000s)</th>
<th>2012 Revenue (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moscow / MVK</td>
<td>220</td>
<td>39</td>
<td>243</td>
<td>81,049</td>
<td>77</td>
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<tr>
<td>Primexpo</td>
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<td>17</td>
<td>35</td>
<td>8,992</td>
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<td>KrasnodarEXPO</td>
<td>62</td>
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<td>69</td>
<td>8,397</td>
<td>8</td>
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<tr>
<td>ITE Siberian Fair</td>
<td>109</td>
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<td>ITE Ural</td>
<td>3</td>
<td>2</td>
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<td><strong>Total</strong></td>
<td><strong>463</strong></td>
<td><strong>118</strong></td>
<td><strong>392</strong></td>
<td><strong>105,163</strong></td>
<td></td>
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</tbody>
</table>
Exhibition venues in Russia in the regions where ITE operates

- **Lenexpo**
  - Gross space: 40,000 m²
  - New venue in 2014: 60,000 m²

- **Expoforum**
  - Gross space: 40,000 m²
  - New venue in 2014: 60,000 m²

- **Expocentre**
  - Gross space: 105,000 m²
  - Quality space: 66,750 m²

- **Crocus Expo**
  - Gross space: 214,661 m²
  - Quality space: 120,887 m²

- **V.V.C.**
  - Gross space: 24,500 m²
  - Quality space: 23,290 m²

- **Sokolniki ECC**
  - Gross space: 21,318 m²

- **Ekaterinburg Expo**
  - Gross space: 50,000 m²

- **SC Olympisky**
  - Gross space: 10,000 m²

- **Kuban Expocentre**
  - Gross space: 18,200 m²

- **New venue**
  - New venue: 35,000 m²

- **Novosibirsk Expocentre**
  - Gross space: 14,400 m²

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1. ITE business in Russia
Exhibition venues in Russia in other regions

- **Kaliningrad**
  - Baltic-Expo
  - Gross space: 5,000 m²

- **Nizhny Novgorod**
  - Nizegorodskaya Fair
  - Gross space: 12,000 m²

- **Perm**
  - Perm Fair
  - Gross space: 5,300 m²

- **Samara**
  - Expo-Volga
  - Gross space: 5,024 m²

- **Krasnoyarsk**
  - Sibir
  - Gross space: 10,640 m²

- **Rostov-on-Don**
  - VertolExpo
  - Gross space: 8,600 m²

- **Kazan**
  - Kazan Fair
  - Gross space: 6,700 m²

- **Novokuznetsk**
  - Kuzbass Fair
  - Gross space: 26,000 m²

- **Chita**
  - Zabaikalskiy
  - Gross space: 2,400 m²

3. Regional business strategy
## Strategy levels

### ITE Group

| Corporate strategy |

### ITE Russia

| Moscow exhibition business strategy | Regional exhibition business strategy |

### Functions

<table>
<thead>
<tr>
<th>Sales and marketing</th>
<th>Product development</th>
<th>HR</th>
<th>Finance</th>
</tr>
</thead>
</table>
Strategy phases

- **2005 – 2007**: Business stabilisation and protection of key assets
- **2007 – 2011**: Multiple acquisitions and rapid expansion
- **2011 – 2013**: Integration of new businesses and drive towards operational excellence
- **2013 –** : ?
Strategic challenge in Moscow

The market
- Slower growth: 4-5% predicted in 2013
- Established events
- Most industry sectors are covered
- Increasing price pressure
- Change in customer expectations – event quality

Increased international competition
- Threat from European organisers: UBM, Reed, Messe Munich, Messe Cologne, Fiera Milan

Increased local competition
- Crocus
- Mediaglobe

Strategic Challenge in Moscow
Growth of ITE’s core business, which represents 82% of ITE’s profit in Russia, in an environment characterised by stronger competition, steady market growth and more mature exhibitions.

Venue restrictions
- Venues are main competitors
- Lack of available quality space

2. Business strategy for Moscow
Increasing local competition

ITE and Crocus: A brief timeline...

2005
- Crocus opens

2011
- Crocus requests wholesale change
- ITE builds new business in Crocus
- ITE’s flagship events remain at Expocentre

2013
- Crocus & Media Globe launch competitive events
- Only building and furniture events gain foothold
- ITE & Crocus operate in a normal trading relationship

2. Business strategy for Moscow
Local competition in Moscow

2013

MosBuild today

- MosBuild has always had local competition (e.g. RusBuild, ExpoStone, Domotex, Interlight)
- MosBuild re-shaped into 3 events (Building & Interiors, Fenestration, Cersanex)
- Re-shaping has impacted growth and finances
  - Pricing competition in the local market
  - Loss of doors section @ 4k sqm
  - Split of windows section

But...

- MosBuild remains the must-exhibit building and interiors event in Russia
Local competition in Moscow

2013

MosBuild today

- 71% of MosBuild visitors do not attend Buildex
- 46% of MosBuild exhibitors, exhibit at other shows too...
  - 74% consider MosBuild to be a ‘must-exhibit’ show
  - Only 3% consider Buildex to be a ‘must-exhibit’ show
- 81% of visitors consider MosBuild to be their most important show
  (Buildex = 9%)
- On a scale from 1 to 5 for satisfaction, visitors rate MosBuild at around 4 for the most important reasons behind their visit
Local competition in Moscow

MosBuild tomorrow

- Potential international partnerships for Buildex
- Focused on MosBuild’s long-term development strategy
  - Improved content (e.g. MADA, e3 Forum)
  - Digital experience (e.g. MyMosBuild, MosBuild e-magazine)
  - Customer experience (e.g. VIP Lounge, venue aesthetics)
  - Sales & marketing (e.g. country focus, key account management, increasing advertising/PR)
- Retain premier status through investment
  - Improve value to exhibitors
  - Innovate and deliver added value for visitors
- KPI
  - Improve visitor numbers & ROT
  - Improved m² & ROI

2. Business strategy for Moscow
ITE strategy for Moscow

2005 – 2007
- Business stabilisation and protection of key assets

2007 – 2011
- Multiple acquisitions and rapid expansion

2011 – 2013
- Integration of new businesses and drive towards operational excellence

2013 –
- Growth of market share in core industries in Moscow
Growing market share in core industries in Moscow

What is new?

Shift of thinking:

- from geographical expansion to product development
- from new industries to where our expertise lies
- from growing a show to changing the industry landscape
Growing market share in core industries in Moscow

What does it mean?

It means expanding the range of products within ITE Moscow’s core industries.

Why?

- a shift of focus from show growth to development of core sector portfolios
- a broader base for organic growth
- greater protection for key events
- more competitive barriers
- greater control over key stakeholders
- more themes and venue slots covered
- better relationship with venues
Growing market share in core industries in Moscow

Expanding the range of products within ITE Moscow’s core industries

- Niche Event Launch
- Alliances
- Acquisitions
- Low-Cost Launch

2. Business strategy for Moscow
Growing market share: building & interiors

ITE’s Current Market Share 37% 47% ITE’s Target Market Share

Key:
- ITE Events
- Venue-owned Events
- Other Organisers

* Share of customers based on exhibitor figures

2. Business strategy for Moscow
Growing market share: food & food processing

ITE’s Current Market Share 27%  →  36%  ITE’s Target Market Share

Key:
- ITE Events
- Venue-owned Events
- Other Organisers

* Share of customers based on exhibitor figures

2. Business strategy for Moscow
Growing market share: travel & tourism

Current Market Share: 46%
Target Market Share: 89%

Key:
- ITE Events
- Venue-owned Events
- Other Organisers

*Share of customers based on exhibitor figures

2. Business strategy for Moscow
New launches in Moscow

Niche event launches

- Lingerie Expo Moscow
- CityEnergy Moscow
- Industrial Testing & Control Moscow
- PharmIngredients Moscow
- Ecommerce Moscow
- Confectionary equipment

Low-cost launches

- Construction Machinery Moscow
- Construction Materials Moscow
Venue development in Moscow

**Crocus Expo**
Further development plans (pav. 4 construction) are not yet finalised

**VVC**
Plans to build another 3-4 pavilions of 25,000 m² each

**Sokolniki ECC**

**SC Olimpiyskiy**

**Current venue**

**Expo centre**
Plans to build a new venue of 250,000 m² gross near Vnukovo international airport

**New venue**

1. ITE business in Russia
Strategic Challenge in the Regions

Growing markets
- Increasing interest from international exhibitors
- Significant potential for sector development

Strategic Challenge in the Regions
To develop limited regional opportunities and to fill new venues.

Venue restrictions
- Lack of big and high-quality venues
- Regional authorities often play a large role in the local exhibition business
ITE strategy for the regions

2005 – 2007
- Business stabilisation and protection of key assets

2007 – 2011
- Multiple acquisitions and rapid expansion

2011 – 2013
- Integration of new businesses and drive towards operational excellence

2013 –
- Growth of market share in core industries in Moscow
- Targeted regional development
Targeted regional development

What it means...

- Active development and launch in our core regions
- Using regional offices to launch regional exhibitions in both core and new regions (cost advantage)
- Regional expansion where...
  - modern venues are available (Ekaterinburg)
  - construction plans are in place (Kazan)
  - acquisition of a local organiser with a strong position is possible
St. Petersburg – strategic development

Background:
Office opened by ITE in 1996
Events held in Lenexpo
Moving to new venue – Expoforum – increasing capacity from 2014

- New alliances with the venue in healthcare, oil and gas sectors
- Participation in non-commercial partnership on development of congress business in the city
- Engine for launching regional events in Novosibirsk and Kazan
- Geo-cloning of strong themes (mining, cleaning)
Novosibirsk – strategic development

**Background:**

Siberian Fair acquired in 2008
Moved to new purpose-built venue in 2012
ITE organises 90% of events

- Potential change of venue owners: transfer of events run by the venue to us; all-year round rent
- Creation of strategic alliances: AquaTherm Siberia (Reed Exhibitions), Automechanica (Messe Frankfurt)
- Development of congress events: Transport of Siberia
- Participation in the governmental programme “Marketing Promotion of Novosibirsk Region”
- Search for another big theme (mining, transport, oil and gas)
Krasnodar – strategic development

Background:
Acquired in 2011
Old venue limiting growth
Anchor tenant of new venue – ready in 2016

- Moving our business and development at the new venue
- Launching new exhibitions in Sochi after the Olympics 2014
- Support for city and regional administrative events, both in Krasnodar Region and in other regions
Ekaterinburg

**Background:**
Established by ITE in 202
50,000 m² venue capacity available

- Gain access to the new venue by building a strategic alliance with the local administration
- First show in 2014 – Build Ural
- Build or acquire a portfolio of shows
Product development in Russia

New...

...role - Regional Product Development Director
...launch pack and strategic review procedures
...launch programme across Russia
...dimension of communication: biannual vertical team meetings
...inter-office cooperation initiatives
...group-wide cross-promotion initiative
New launch programme 2013 & 2014

<table>
<thead>
<tr>
<th>Launch Location</th>
<th>No. Launches Planned</th>
<th>SQM Forecast</th>
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<tbody>
<tr>
<td>Moscow</td>
<td>6</td>
<td>6 030</td>
</tr>
<tr>
<td>St. Petersburg</td>
<td>3</td>
<td>1 000</td>
</tr>
<tr>
<td>Novosibirsk*</td>
<td>8</td>
<td>1 407</td>
</tr>
<tr>
<td>Ekaterinburg</td>
<td>1</td>
<td>1 500</td>
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<tr>
<td>Sochi</td>
<td>1</td>
<td>450</td>
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<tr>
<td>Kazan</td>
<td>2</td>
<td>400</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>21</strong></td>
<td><strong>10 787</strong></td>
</tr>
</tbody>
</table>

*Including 4 ‘geo-clones’ sold from St. Petersburg
The building blocks of product development & new launches 2012-14

Regional Geo-Clones
- Lingerie Expo Moscow
- CityEnergy Moscow
- Construction Machinery Moscow
- Construction Materials Moscow
- Franchexpo Siberia
- HobbyTime Siberia

New Industries
- MiningWorld Siberia
- NDT/ExpoCoating Siberia
- Ledtechexpo Siberia
- Cleanexpo Siberia
- Build Ural (Yekaterinburg)

New Regions
- HeatVent Kazan
- Design & Décor Kazan
- Maritime Russia (Sochi)

Product Extensions
- Industrial Testing & Control Moscow
- PharmIngredients Moscow
- Ecommerce Moscow
- Country House St. Petersburg
- Design & Décor St. Petersburg
- Pharma & Medical Tourism St. Petersburg
- Woodex Siberia
- TransSiberia

4. Individual functional strategies
Thank you