

Pummeled in Russia, Events Organizer ITE Looks to Other Markets

By [The Moscow Times](#)

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Trade exhibition and conference organizer ITE Group, hit by a plunging Russian ruble and political upheaval in Ukraine, is looking elsewhere for growth, its CEO told Reuters.

More than half of the 230 exhibitions and conferences organized every year by ITE take place in Russia and Ukraine. The company's stock has lost 44 percent of its value this year.

"The board has been aware for a long time that we have probably ... too much concentration in one or two geographies," CEO Russell Taylor said in an interview on Oct. 3.

ITE would continue its policy of investing in events businesses in Asia and other regions, he said.

Economic growth in Russia has stalled, hit by large capital outflows and sanctions imposed by the United States and European Union in response to the Kremlin's policy on Ukraine.

Some economists predict years of stagnation in Russia.

Taylor said big events in Russia, such as the World Food Moscow exhibition in September, had not been affected by sanctions as new exhibitors had emerged to replace those European and U.S. companies that pulled out.

But the weakness of the ruble, which lost about 22 percent of its value against the pound in the year to Sept. 30, would hit the company's revenue, he said. London-based ITE books about 70 percent of its revenue in rubles and euros.

Asked about expansion plans, Taylor said: "There would be less incentive to develop the business further within Russia."

ITE's Russian events, which cover industries such as energy, construction and pharmaceuticals, contributed 45 percent of the company's revenue in the 2013 financial year.

Ukraine, though a much smaller contributor to revenue, has been hit harder. With political upheaval in Kiev and fighting in the east of the country, fewer exhibitors and delegates attended the company's events in Ukraine.

"If I was to say that profitability of Ukraine is about a quarter of what it was in 2013, you can probably say that our revenues have halved," Taylor said.

ITE forecast in May that Ukraine would represent less than 5 percent of its profit in the 2014 financial year, which ended on Sept. 30, compared with 7 percent a year earlier. Taylor said he now expected Ukraine to have contributed closer to 2-3 percent.

ITE is scheduled to report 2014 financial results on Dec. 2.

The company said last week that the strength of the pound against the ruble and euro would hit earnings in 2015. The euro fell 5.8 percent against the sterling in the year ended Sept. 30.

Taylor said ITE would continue looking for acquisitions after buying a beauty events company in Turkey, investing in a Hong Kong-based trade show organizer and buying a stake in an Indonesian construction events organizer.

"We have been trying to geographically diversify for quite a while," he said. "We plan to continue with that."

ITE shares rose 0.1 percent to 172.25 pence (\$2.77) in early trading on Wednesday on the London Stock Exchange.

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