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of exceptional content.



The Vitec Group plc Full Year Results 2019

28 February 2020



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Adjusted performance measures

In addition to statutory reporting, Vitec reports alternative performance measures (“APMs”) which are not defined or specified under the requirements of International Financial Reporting Standards (“IFRS”). The Group uses these APMs to improve the comparability of information between reporting periods and Divisions, by adjusting for certain items which impact upon IFRS measures, to aid the user in understanding the activity taking place across the Group’s businesses. APMs are used by the Directors and Management for performance analysis, planning, reporting and incentive purposes. A definition of the APMs used in this presentation and a reconciliation from adjusted operating profit to statutory operating profit is included in the Appendix.



Agenda

- > **Highlights**

- > Stephen Bird, Group Chief Executive

- > **Financial Review**

- > Martin Green, Group Finance Director

- > **Market and Strategy Update**

- > Stephen Bird, Group Chief Executive

- > **Q&A**



2019 highlights

Financial highlights

- > Robust financial performance despite non-repeat of the Winter Olympics
 - > Stable adjusted operating margin*
 - > Benefits from self-help actions
 - > Impact of two, specific, one-off events: severe retailer destocking in Imaging Solutions and slower than expected recovery at SmallHD following the fire in 2018
- > Strong financial position: net debt of £96.0m is £7.4m lower than 2018 (excl. IFRS16) and net debt to EBITDA* 1.2x
- > Total dividend up 5.4% to 39.0p per share, with dividend cover at 2.1 times

Operational highlights

- > Significant strategic progress investing in targeted growth initiatives in faster growing segments
- > Imaging Solutions' restructuring on track to transform digital and e-commerce capabilities
- > Further margin improvement at Production Solutions driven by operational efficiencies
- > Amimon integration into Creative Solutions complete, Teradek Bolt 4K wireless video products for the cine market shipping

** Before charges associated with acquisition of businesses and other adjusting items.*

**Robust financial performance and significant strategic progress,
despite impact of two, specific one-off events**



Financial Review





Full year results: Robust financial performance

	2019	2018	Better / (worse)	Better / (worse) at Constant FX
	£m	£m		
Revenue	376.1	385.4	(2.4%)	(3.9%)
Gross profit *	170.1	174.1	(2.3%)	(3.5%)
<i>Gross margin % *</i>	45.2%	45.2%	+0 bps	+20 bps
Operating expenses *	(117.7)	(120.6)	2.4%	3.9%
Operating profit *	52.4	53.5	(2.1%)	(2.6%)
<i>Operating margin % *</i>	13.9%	13.9%	+0 bps	+10 bps
Net finance expense	(4.4)	(2.3)		
PBT *	48.0	51.2	(6.3%)	(6.3%)
Adjusted EPS * (p)	80.6	93.2	(13.5%)	
Dividend per share (p)	39.0	37.0	+5.4%	
ROCE ⁺	18.5%	21.8%	(330 bps)	

- > Reported revenue
 - > Retailer destocking at Imaging Solutions
 - > Disruption at SmallHD
 - > Non-repeat of 2018 Winter Olympics
- > Operating profit
 - > Lower volumes
 - > Tariff impact partly mitigated by pricing and sourcing
 - > Operational efficiencies
- > Operating margin 13.9% (c. 13.5% excluding SmallHD insurance benefit)
- > EPS: one-off reduction in ETR in 2018 comparative
- > Total dividend increased by 5.4%% to 39.0p per share
- > ROCE: adverse impact from acquisition of Amimon and IFRS 16, as expected

* Before charges associated with acquisition of businesses and other adjusting items.

+ Return on capital employed (ROCE) is calculated as adjusted operating profit* for the last twelve months divided by average total assets less current liabilities excluding the current portion of interest-bearing borrowings.



Divisional performance

	Revenue					Operating profit*				
	2019 £m	2018 £m	Better / (worse) %	Better / (worse) at constant FX %	Better / (worse) at organic constant FX, excl EU Services %	2019 £m	2018 £m	Better / (worse) %	Better / (worse) at constant FX %	Better / (worse) at organic constant FX, excl EU Services %
Imaging Solutions	196.6	201.6	(2.5%)	(2.5%)	(5.2%)	27.1	31.1	(12.9%)	(9.4%)	(10.7%)
Production Solutions	111.8	118.7	(5.8%)	(8.4%)	(5.9%)	19.6	20.1	(2.5%)	(6.4%)	5.8%
Creative Solutions	67.7	65.1	4.0%	(0.1%)	(9.4%)	15.6	15.7	(0.6%)	(4.9%)	(23.2%)
	376.1	385.4	(2.4%)	(3.9%)	(6.1%)	62.3	66.9	(6.9%)	(7.3%)	(8.9%)
Corporate & unallocated	-	-	-	-	-	(9.9)	(13.4)	26.1%	26.1%	26.1%
	376.1	385.4	(2.4%)	(3.9%)	(6.1%)	52.4	53.5	(2.1%)	(2.6%)	(4.6%)

* Before charges associated with acquisition of businesses and other adjusting items.

Imaging Solutions

- > Severe retailer destocking; end-user demand remains resilient
- > Increased R&D investment in ICC products
- > Higher sales of JOBY, lighting supports and lighting controls; cost savings from restructuring

Production Solutions

- > Solid performance in a non-Olympic year; growth in robotics
- > Margin accretion +200 bps¹: productivity improvements

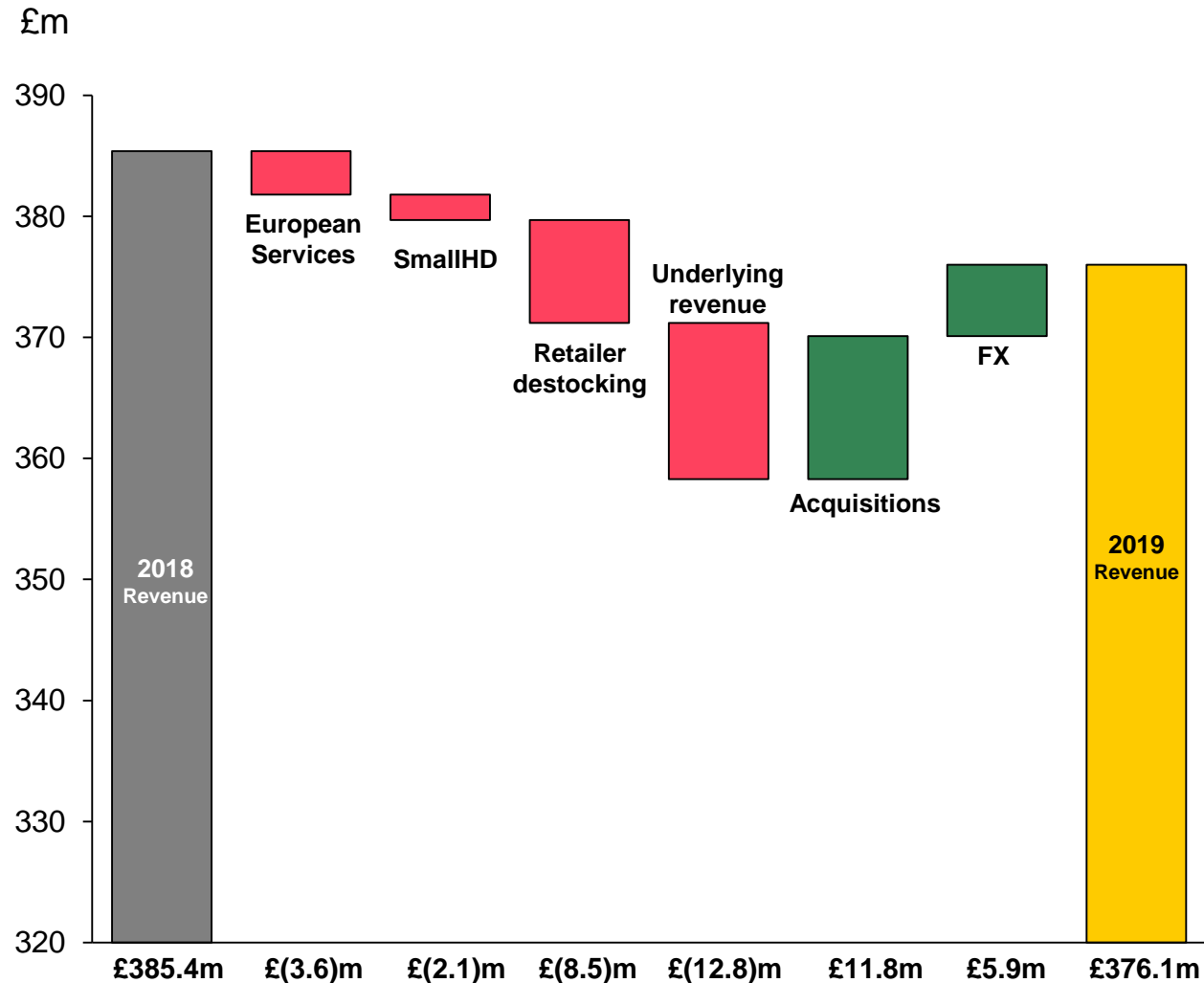
Creative Solutions

- > Full year benefit from acquisition of Amimon
- > SmallHD refocusing on higher end and £1.3m lower insurance income
- > Operating margin* benefit from insurance income in 2019

¹ Excluding FX and EU Services



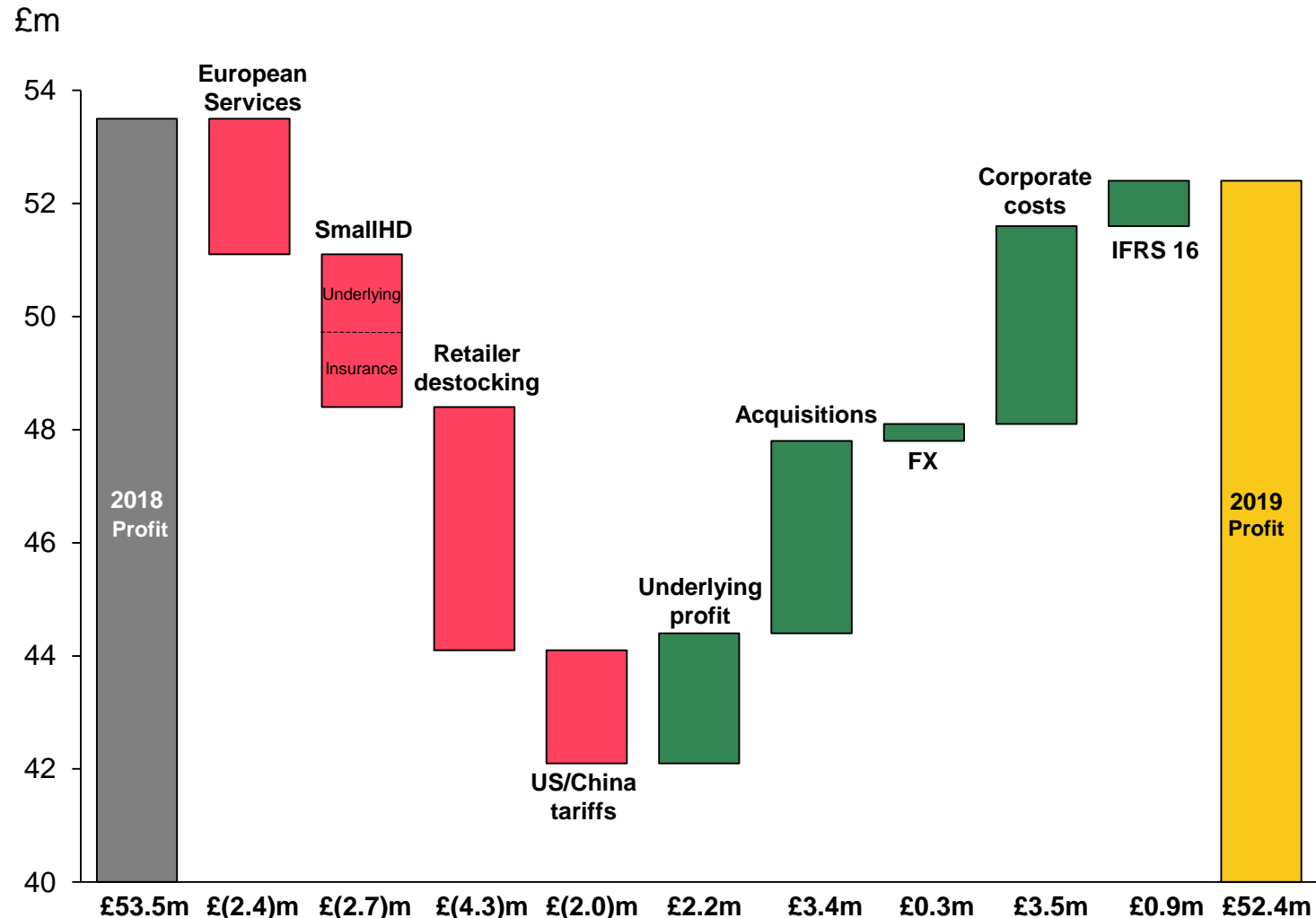
Group revenue bridge 2018 - 2019



- > European Services: 2018 Winter Olympics
- > SmallHD: disruption following 2018 fire
- > Retailer destocking, £8.5m YoY estimated impact:
 - > 2019: c.£12.0m
 - > 2018: c.£3.5m
- > Underlying revenue decline
- > Acquisitions: Amimon, Adeal, Rycote and Syrp
- > FX: stronger US Dollar (translation)



Group operating profit* bridge 2018 - 2019



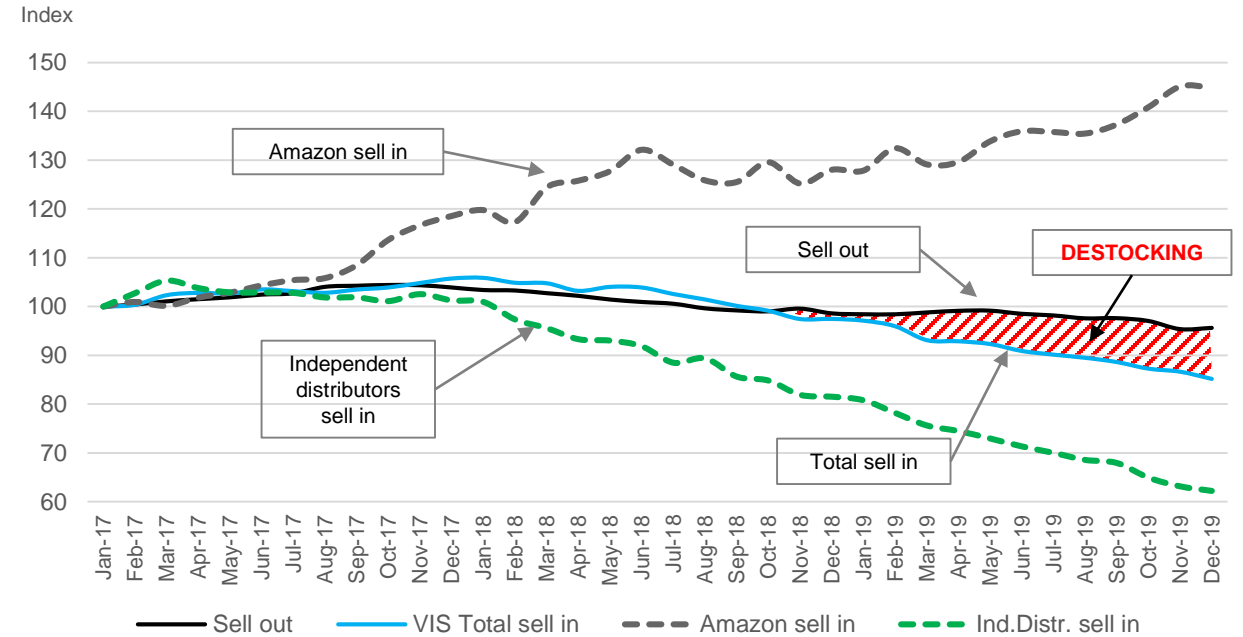
- > European Services: 2018 Winter Olympics
- > SmallHD: lower volumes and lower insurance proceeds
- > Retailer destocking, £4.3m YoY estimated impact:
 - > 2019: c.£6.0m, 2018: c.£1.7m
- > US/China tariffs net adverse impact £2.0m
- > Underlying profit up despite lower revenue
 - > Benefit from operational efficiencies
 - > Digital restructuring savings
- > Acquisitions: Amimon, Adeal, Rycote and Syrp
- > Corporate costs: lower share-based payments
- > IFRS 16 impact £0.9m

* Before charges associated with acquisition of businesses and other adjusting items.



Retailer destocking

- > Q4 2018: started
- > H2 2019: more severe than expected
- > Reduction in overall inventory:
 - > Growing impact of e-commerce
 - > Amazon continuing to gain share
 - > Destocking most significant among independent distributors
 - > Decline in low end DSLR camera shipments
 - > Underperformance in launch of new CSC cameras
- > End user demand for our accessories remains resilient



Source:

- Sell out of Manfrotto photo/video and Gitzo supports: GFK/NPD in EU(5), US, JP
- Sell in: VIS sales of Manfrotto photo/video and Gitzo supports

Destocking expected to continue in 2020 but at a much lower rate



Cash generation

	2019 £m	2018 £m	Better / (worse) £m
Operating profit *	52.4	53.5	(1.1)
Depreciation ⁽¹⁾	18.6	11.4	7.2
Working capital	(7.2)	(5.9)	(1.3)
Restructuring cash outflow	(3.3)	-	(3.3)
Integration cash outflow	-	(2.2)	2.2
Other ⁽²⁾	(1.3)	(2.8)	1.5
Cash generated from operations	59.2	54.0	5.2
Capital expenditure ⁽³⁾	(18.6)	(14.4)	(4.2)
Proceeds from asset sales	0.5	0.5	-
Net interest and tax paid	(10.6)	(6.6)	(4.0)
Free cash flow*	30.5	33.5	(3.0)

- > Continued strong cash generation
- > Reported free cash flow £3.0m lower than prior year
 - > Depreciation: IFRS 16 impact of £6.4m
 - > Restructuring impact mainly in Imaging Solutions
 - > Interest: higher debt after Amimon acquisition
 - > Tax: non-repeat of one-off benefit in 2018
 - > Capex: greater R&D investment

* Before charges associated with acquisition of businesses and other adjusting items.

⁽¹⁾ Includes depreciation, amortisation of software and capitalised development costs and impairment losses on property, plant and equipment.

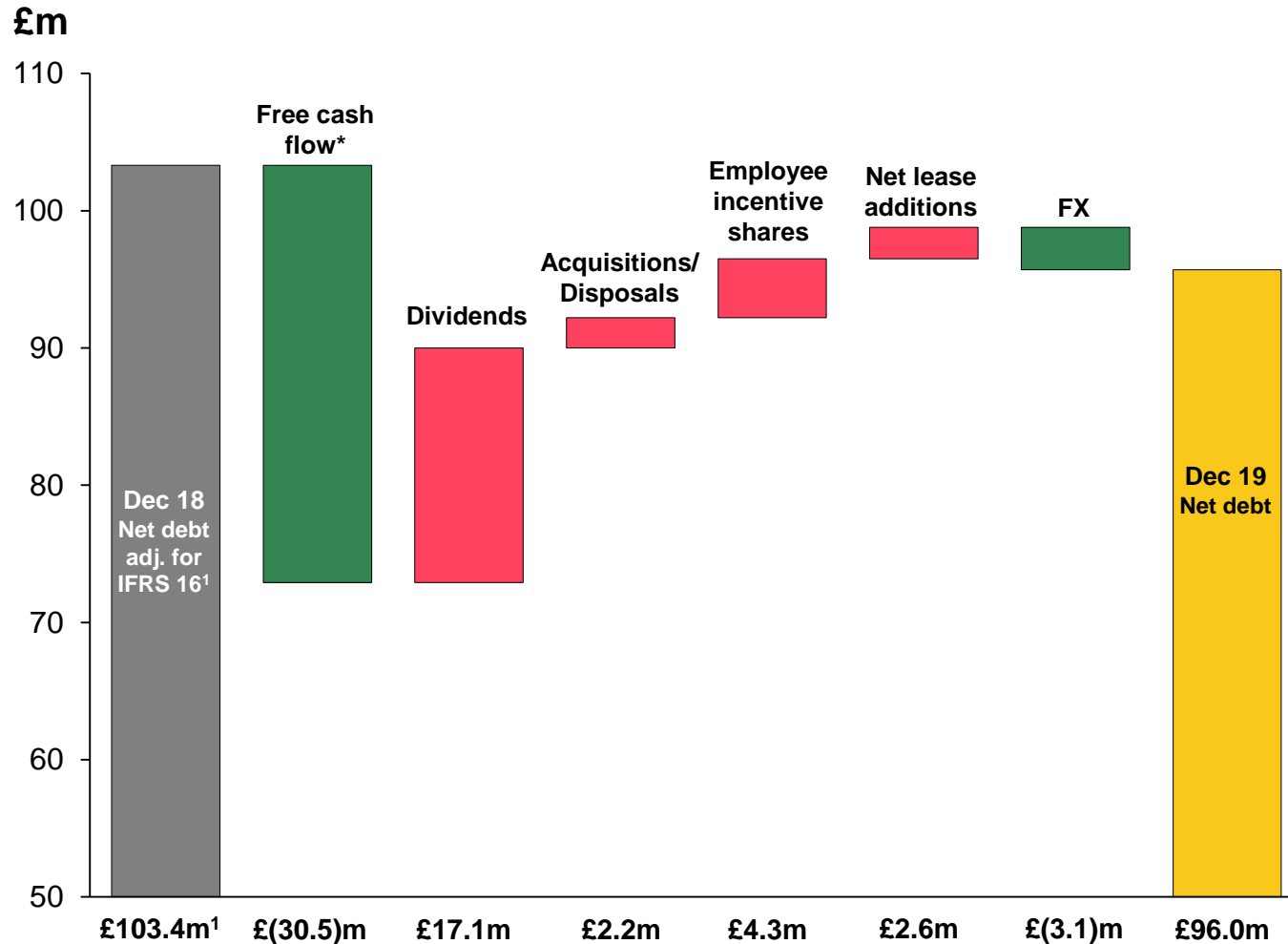
⁽²⁾ Includes change in provisions, share based payments charge, gain on disposal of PPE, fair value derivatives, transaction costs relating to acquisition of businesses.

⁽³⁾ Purchase of PPE and capitalisation of software and development costs.

Operating cash conversion* 85% (2018: 84%)



Net debt



- > £30.5m free cash flow*
- > Dividends: 2018 final and 2019 interim
- > New banking facility signed in early February 2020
 - > £165m RCF vs £150m previously
 - > 5 years plus option to extend for further 2 years
 - > Blended rate of 2.3% excluding impact of arrangement fees
- > Net Debt to EBITDA*: 1.4x; 1.2x pre-IFRS 16 in line with prior year

¹ December 2018 reported net debt (£81.0m) adjusted for IFRS 16 "Leases" impact (+£22.4m)

Strong financial position; capacity to fund further acquisitions



FY20 guidance

- > SmallHD's operating profit is likely to be c.£5m lower than 2019 as previously guided
- > Restructuring to transform digital and e-commerce capabilities:
 - > Expected cost of c.£3m
 - > P&L incremental savings of c.£2m
- > Higher amortisation charge of c.£2m in 2020 reflecting higher level of R&D in 2019
- > Effective Tax Rate 25%
- > Cash tax: c. £6m assuming no EU State Aid payment
- > IFRS 16 detail and FX guidance in Appendix



Market & Strategy Update





Group strategic priorities

1. Organic growth

2. Margin improvement

3. Further M&A activity

The right strategy for long-term growth and value creation



Vitec operates in the growing “image capture and content creation” market

Photographic market*

TAM
£1.1bn

Market 2019-2022 CAGR
c. +1%

Market trend



Broadcast market

TAM
£400m

Market 2019-2022 CAGR
Flat

Market trend



ICC/Cine market

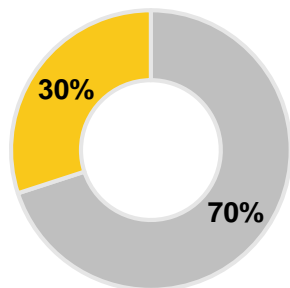
TAM
£500m

Market 2019-2022 CAGR
c. +6%

Market trend

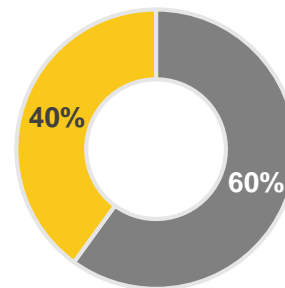


Imaging Solutions



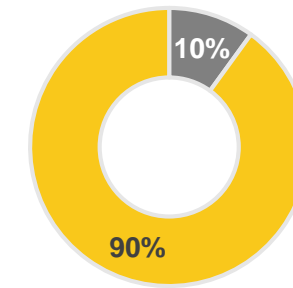
■ Photographic Market
■ ICC/Cine Market

Production Solutions



■ Broadcast Market
■ ICC/Cine Market

Creative Solutions



■ Broadcast Market
■ ICC/Cine Market

Vitec is increasingly exposed to the faster growing ICC/Cine market, across all three Divisions

* Includes microphones for video market
Note: TAM and CAGR are management estimates.



Focused on growth opportunities in faster growing segments

Imaging Solutions

Launch Smartphonography accessories

Restructure to deliver improved margins

Launch new Audio Capture and Motion Control products

Production Solutions

Deliver Summer Olympics

Benefit from US Presidential Elections

Launch new Lights, Batteries and Robotics

Creative Solutions

Launch complete 4K ecosystem for Cine (Teradek & SmallHD) – key driver for future growth

Enter Live Production market

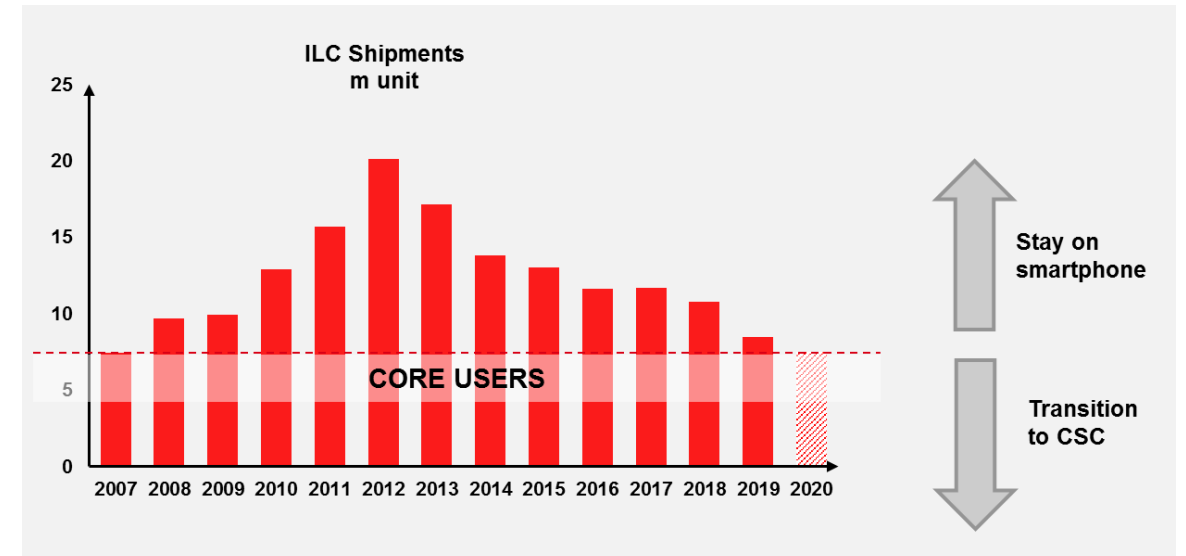
Investing in a range of targeted growth initiatives, across multiple brands, in faster growing segments



Imaging Solutions: continues to outperform a challenging market

Market

- > Continued growth in e-commerce channel
- > Premium end of photographic market resilient
- > Decline in entry level DSLR market
- > Severe retailer destocking expected to slow down
- > Growth in smartphonography, motion control, audio capture



Source: CIPA

Strategy update: increase revenue and maintain margins

1. Transition to e-commerce business model expanded and on track
2. Accelerating growth in JOBY smartphonography supports
3. Investing in motion control with gimbals and stabilisers, and audio capture
4. Investing selectively in core business (Manfrotto, Gitzo, Lowepro, Avenger); focus on profitability

Imaging Solutions expected to continue to outperform the market by diversification into adjacent products and transitioning to an e-commerce business model

Imaging Solutions: transforming digital and e-commerce capabilities

- > Invested in new digital platform and team to improve web marketing and e-commerce capabilities
- > Taking advantage of growth in higher margin e-commerce channel where we outperform the competition
- > Invested in global e-commerce capabilities mirroring major e-commerce customers in Europe
- > In October, expanded scope to consolidate US in New Jersey
- > Project on track and new organisation live
- > Developing industry's leading e-commerce platform which gives a long-term competitive advantage

Digital business model takes advantage of growth in e-commerce channel and benefits new ICC products



Imaging Solutions: new JOBY brand strategy and smartphonography products

- > New brand strategy and digital marketing campaign to position JOBY as the destination brand for aspiring “Generation Z” influencers and vloggers (born 1995-2015)
- > Multiple new products under JOBY brand to enhance photo/video capabilities
- > Compatible with JOBY GorillaPod platform as “vlogging kits”



Launching
March 1 2020
Wavo microphone
(powered by Rycote)
Beamo LED light
Standpoint case




Launching
H2 2020
Stabiliser
Spin robotic head
Swing mini slider
(all powered by Syrp)
Freehold case

- > Initially sold direct online via Apple, Amazon and JOBY.com to drive fast adoption
- > From Q4 channel expands to include premium resellers

JOBY®

THE accessory brand for smartphones with superior camera technology





“I love my JOBY gear! As a solo traveller, JOBY makes it easier to create videos independently. I've been using JOBY gear since I started making videos and it's amazing to witness the evolution of these products.”

Steve Yalo, Travel Photographer & Vlogger

“The Beamo light has changed the way I think about Vlogging on location. Instead of wasting time searching for well lit areas, that's no longer the case as I keep the Beamo in my camera bag at all times!”

Benjamin Brandon, Vertical Filmmaker & Influencer



Production Solutions: good performance with continued operational excellence

Market

- > Broadcast market broadly stable; continuing cost pressures in studios benefits robotics
- > Cine market buoyant
- > Continued growth in on-location news and sports production

Strategy update: maintain revenue and improve margins

1. Investing in faster growing market segments, focusing on profitability
 - > Vinten Robotics and Prompting, Litepanels Lights and Anton/Bauer Mobile Power
2. Driving further margin improvements through operational productivity efficiencies, lean manufacturing and purchasing price initiatives
3. Expanding customer base, delivering Summer Olympics and European Football Championship



Litepanels
Gemini 1x1



Camera Corps
Pole cam

Continued progress expected from Production Solutions, particularly on margins, with a benefit in 2020 from the Olympic Games and US Presidential election



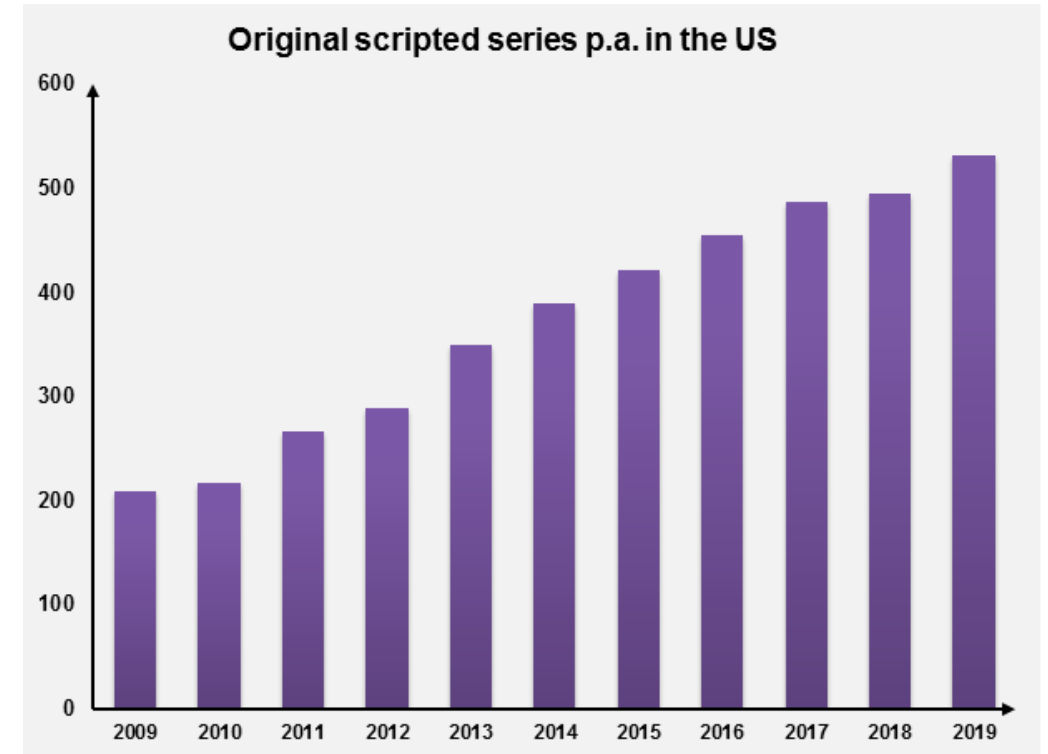
Creative Solutions: well placed to grow

Market

- > Production spend and volume of series continues to grow, especially in scripted shows on newer platforms, while TV networks' content budgets remain robust
- > New media, streaming and connected devices driving increased wireless transmission of data and images

Strategy: increase revenue and maintain higher margins

1. Growing share in scripted series/films with unique 4K zero-delay wireless video transmission products; launching high end, high margin SmallHD production monitors for complete 4K eco-system
2. Leveraging Amimon to expand into Live Production
3. Driving Divisional synergies and maintaining higher margins



Source: FX Networks Research 2020

Creative Solutions well positioned for the future with development of unique eco-system of 4K zero delay wireless products



Creative Solutions: 4K and HDR wireless technology

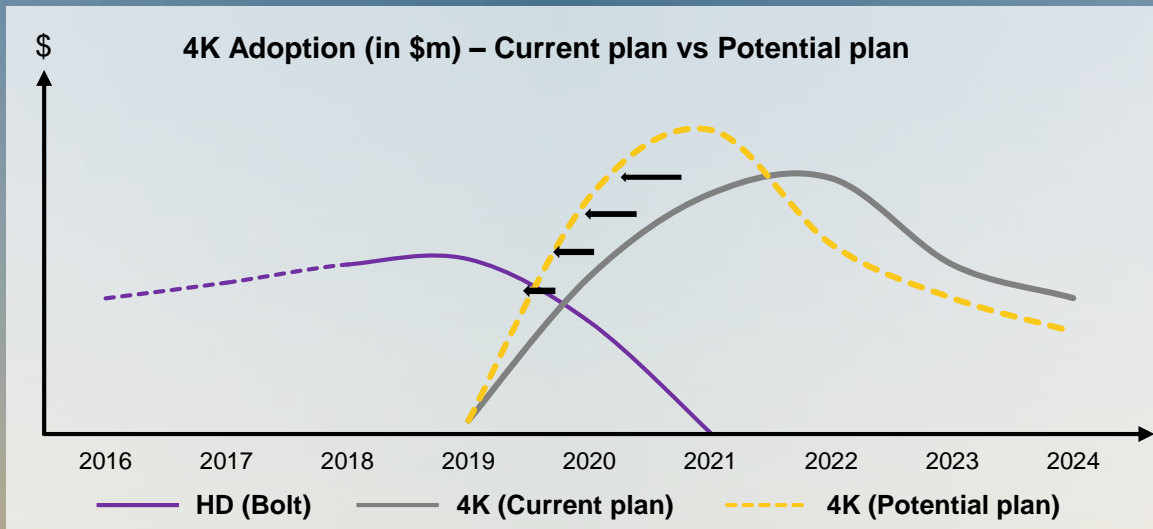
Market requirements

- > In 2014, Netflix* mandated original content in 4K; other production companies followed to future proof content
- > 4K and HDR (high dynamic range) now in every aspect of the image capture and content creation market
- > Explosion of content creation forces production houses to come up with original and high quality shots

* <https://partnerhelp.netflixstudios.com/hc/en-us/articles/229150387-Why-does-Netflix-require-4K-on-Netflix-Originals->

Vitec opportunity

- > Vitec uniquely able to supply complete eco-system of wireless 4K products using patented Amimon technology
- > Significant 4K replacement opportunity to refresh the wireless technology in the installed base of legacy Teradek Bolts (c.90k units) and competitor products (c.30k units)
- > 4K price points significantly higher than HD
- > Since owning Amimon benefit from the through margin





“4K delivery is now standard, so it is crucial to monitor an image that matches the final look of the film, while on set. That's why Teradek's Bolt 4K is key. It is the only solution to monitor a true 4K image, completely wireless. On this feature it has been a game-changer for camera movement, last-minute lighting tweaks and even VFX (Visual Effects).”
Graham Ehlers Sheldon, Director of Photography



Update on COVID-19

- > Evolving situation which we are monitoring closely; our priority is to ensure the safety and wellbeing of our employees

China

- > 53 Vitec employees; c. 5% Group turnover
- > 25 finished goods suppliers who supply products which amount to c. 25% Group revenue; third-party logistics hub
- > All facilities re-opened; some Q1 impact on operating profit from disrupted supply chain and reduced demand from Chinese domestic market

Italy

- > 550 Vitec employees; c. 4% Group turnover
- > c. 25% Group revenue from products manufactured in Feltre; Imaging office in Cassola; third-party logistics hub in Padua
- > All facilities open; evaluating potential impact if supply chain closes and Italian domestic market demand reduces

Current assumptions: the duration and impact of COVID-19 is unknown at this stage

- > We are assuming no further China supply chain impact but Chinese and APAC domestic demand remains subdued
- > Lower end of range assumes no shut down in Italy, higher end of range assumes four-week shutdown

We currently estimate that there will be an adverse H1 and FY 2020 impact in the range of £3.0 to £5.0 million operating profit



Summary

- 1. Robust 2019 financial performance despite some challenges**
- 2. Amimon integration complete, Teradek Bolt 4K wireless products shipping**
- 3. Restructuring of Imaging's digital and e-commerce capabilities on track**
- 4. Continue to focus on growth opportunities in faster growing segments**
- 5. Strong balance sheet to support organic investment and M&A**
- 6. 2020 financial performance impacted by COVID-19**

Market-leading brands, operational excellence and technology innovation position the Group well for the longer-term



Outlook

“2019 was a year of significant progress against our strategic objectives. We delivered a robust financial performance despite being impacted by severe retailer disruption in Imaging Solutions and a slower than expected recovery at SmallHD.

“For 2020, the Group is focusing on the growth potential from the launch of the complete 4K eco-system in the cine market as well as new wireless products for the adjacent live production market, plus JOBY smartphonography accessories in the independent content creator market. We expect to benefit from further operational efficiencies in Production Solutions, the Summer Olympics and the US Presidential election.

“Although the Group’s order visibility is limited, we remain confident in delivering further strategic progress in 2020. However, the duration and impact of COVID-19 is unknown at this stage and, given that half of our revenue comes from products either sourced from China or manufactured in Italy, on the basis of our current assumptions, we estimate that operating profit for H1 and FY 2020 will be impacted by £3.0 to £5.0 million. As a result, we expect 2020 to be more H2 weighted than usual.

“Vitec is a strong, agile business, and the Group’s market-leading brands, operational excellence and technology innovation makes us uniquely positioned to take advantage of the fast changing and growing global "image capture and content creation" market, and to deliver long-term value to our shareholders.”



Q&A





Appendices





Investment proposition

- 1. “Image capture and content creation” market is growing**
- 2. Market-leading brands with premium pricing, increasing technology capability**
- 3. Well positioned for organic growth and margin improvement**
- 4. Sound financial performance and robust balance sheet**
- 5. Progressive dividend policy**
- 6. Continued M&A opportunities**

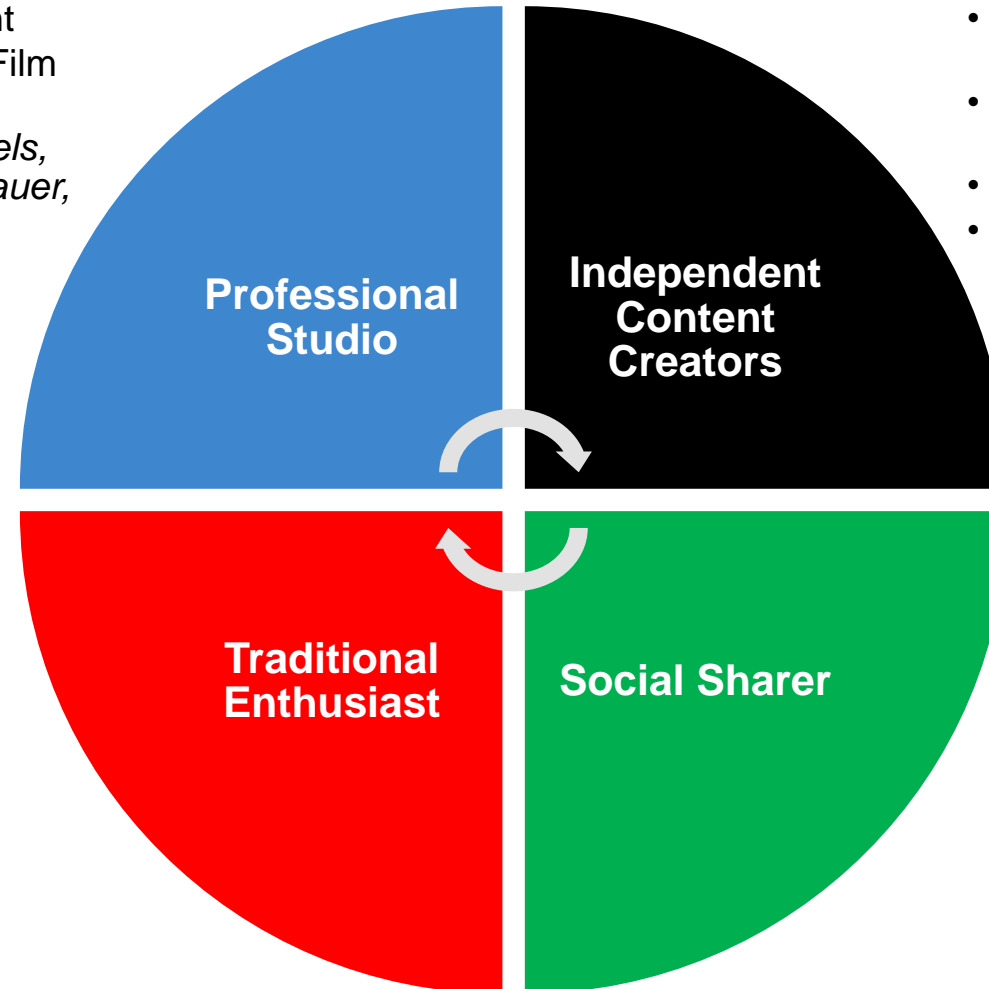
The right strategy for long-term growth and value creation



Consumers in the “image capture and content creation” market

- **Professional companies**
- Producing commercial content
- Broadcasters, TV Networks, Film Production Companies
- e.g. *Vinten, Sachtler, Litepanels, Autoscript, Autocue, Anton/Bauer, Camera Corps, Rycote*

- **Independent professionals**
- Producing content for their own platform and/or partner needs
- Cameraman, Cinematographer, Videographer, Photographer,
- Lighting Specialist
- e.g. *Teradek, SmallHD, Wooden Camera, Manfrotto, Sachtler, Syrp, Rycote, JOBY*



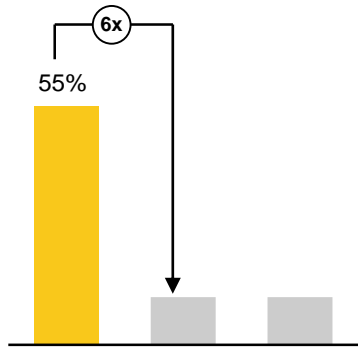
- **Advanced enthusiasts**
- Pursuing specific genre development
- Portrait, Outdoor, Urban
- e.g. *Manfrotto, Gitzo, Lowepro, Syrp*

- **Active hobbyist**
- Shooting stills and videos
- Sharing with friends on social media
- e.g. *JOBY, Manfrotto, Lowepro*

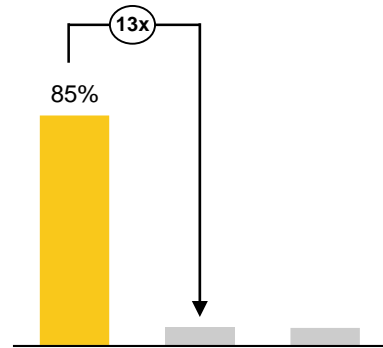


Competitive landscape

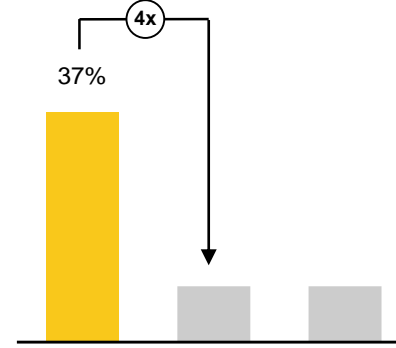
Manual cine/broadcast Supports



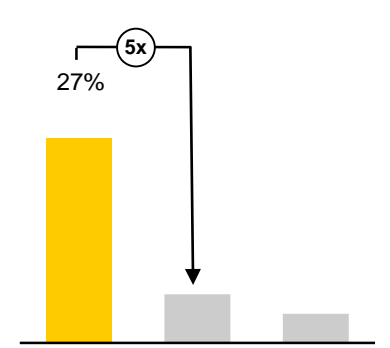
On Set Wireless



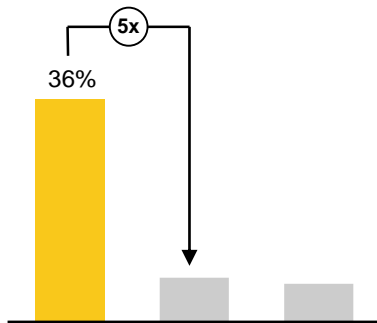
Promoters



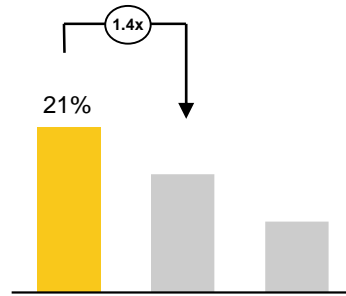
Photographic Bags



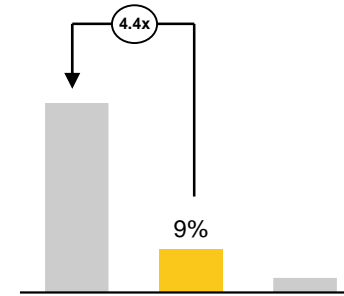
Photographic Tripods



Batteries



LED Lights



Key

- Vitec market share
- Competition market share



The Vitec Group: M&A track record

From start of 2012 to 2019

c. £140m invested

18% return*

2012	2013	2014	2015	2016	2017	2018	2019



>> 1
M&A clearly aligned with strategic objectives

>> 2
Doing the right deal: disciplined approach

>> 3
Extraction of synergies

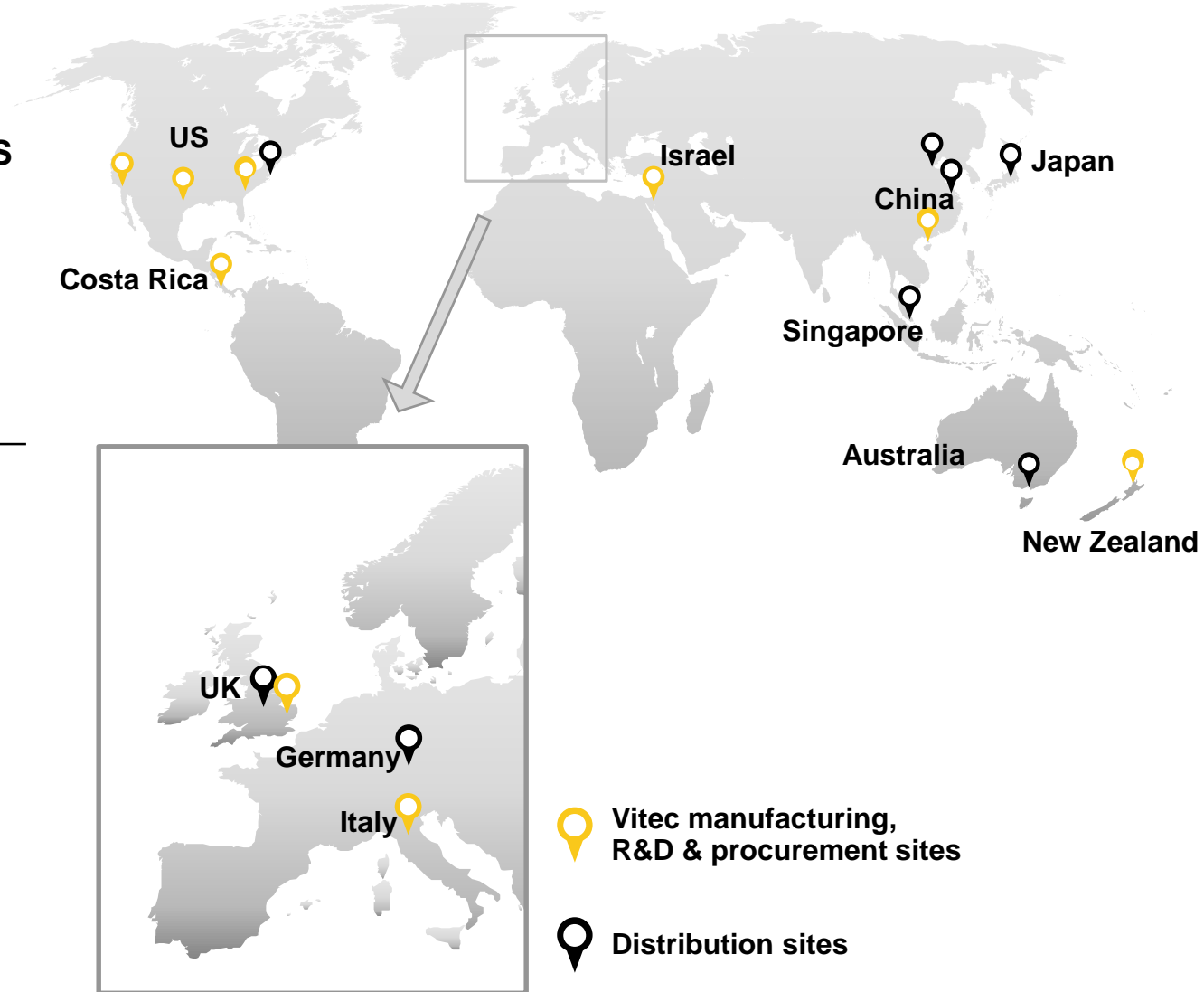
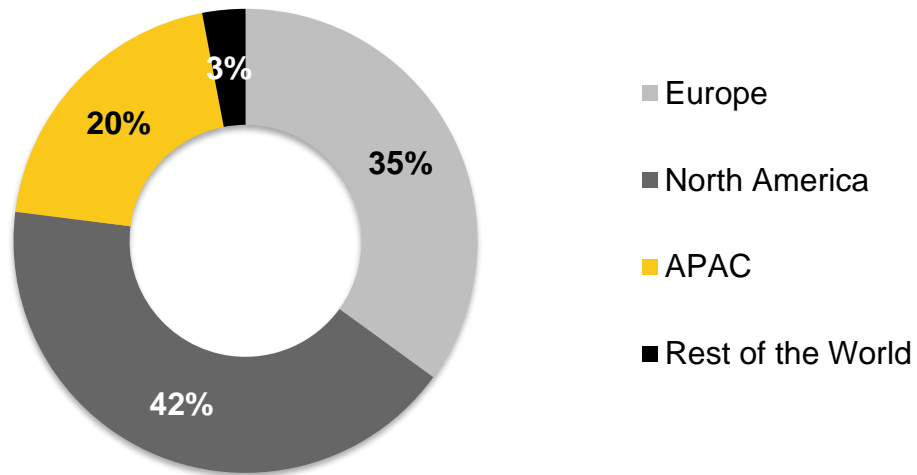
* Return in FY19 post-interest, pre-tax, attributable to the businesses acquired more than 2 years ago, excluding Adeal, Amimon, Rycote and Syrp



Where we operate

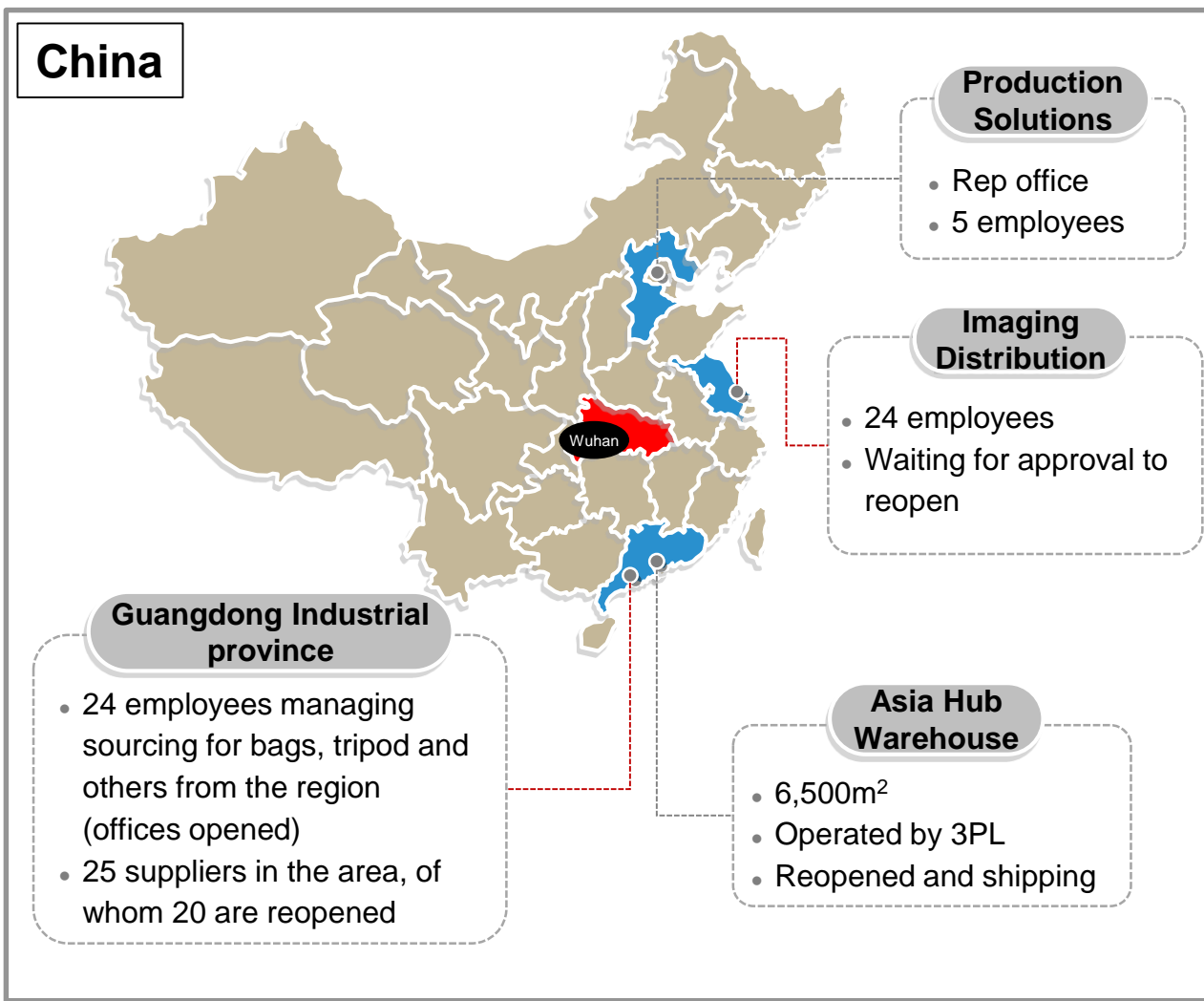
- > Sites in 11 countries; sell into 100+ countries
- > Sales: UK accounts for only 11% of revenue
- > Well capitalised manufacturing in Italy, Costa Rica, UK & US
- > Low cost APAC sourcing, including China & Vietnam
- > R&D centres in Israel, Italy, New Zealand, UK & USA

2019 revenue analysis by location of customer



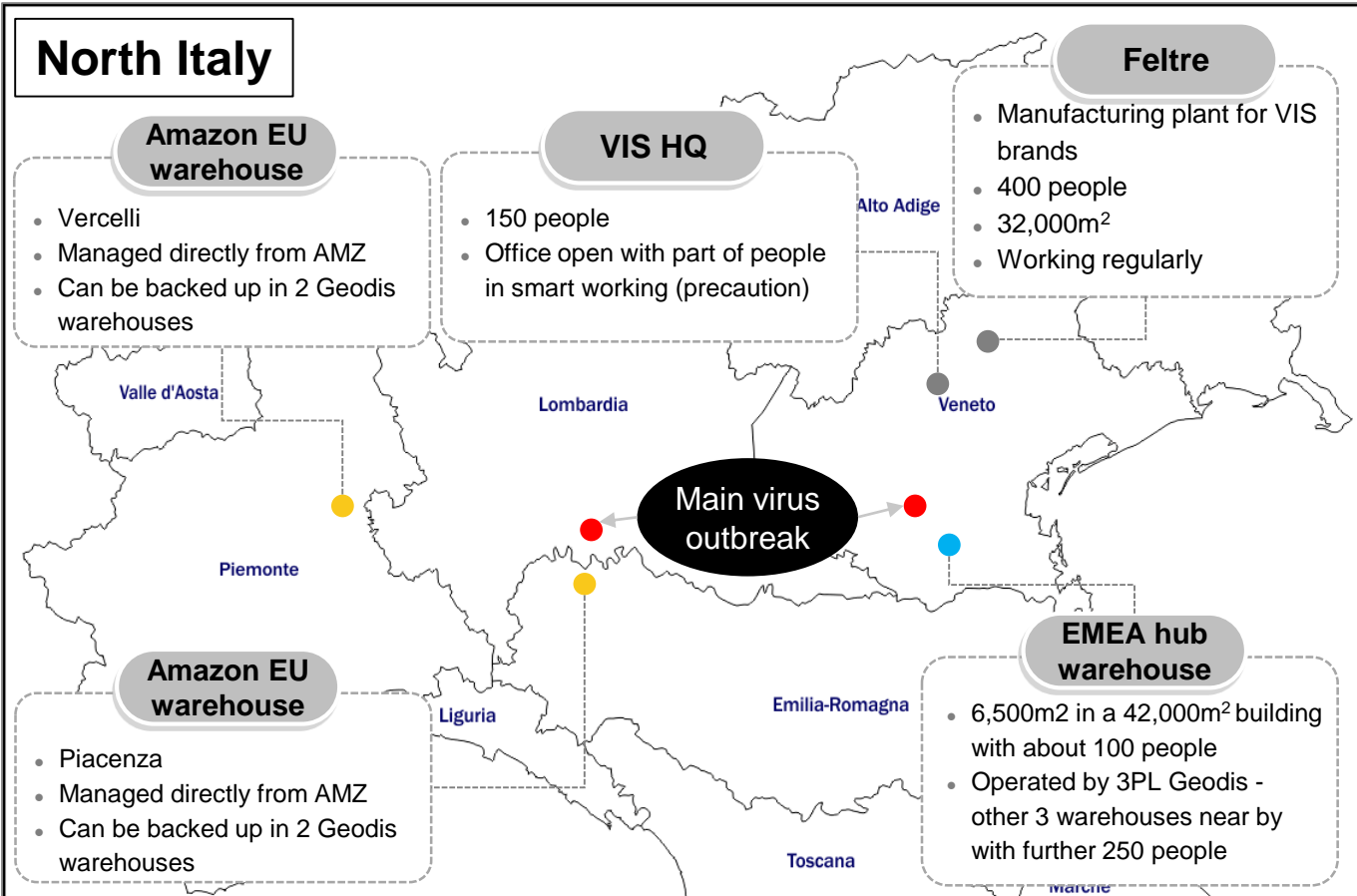


COVID-19 exposure as of 26/02/2020 (China)



- > Vitec operations:
 - > 53 employees in Beijing, Shanghai and Guangdong
 - > No Vitec manufacturing plant
- > Suppliers:
 - > 25 finished goods suppliers, mainly in Guangdong area: 20 open
 - > 25% of Group revenue comes from finished goods sourced from China; mainly bags, low-end tripods and Gorillapods
 - > 3rd party logistics (3PL) hub in Guangdong: open with 100% manning and shipping
- > Customers:
 - > China accounts for c.5% of Group revenue

COVID-19 exposure as of 26/02/2020 (Italy)



> Vitec operations:

- > 550 employees in Bassano del Grappa (HQ) and Feltre
- > Vitec manufacturing plant in Feltre

> Suppliers:

- > About 40 components main suppliers, located mainly in central Veneto area: all open and working regularly
- > 25% of Group revenue comes from finished goods sourced from Italy: Photo and Lighting Supports for Manfrotto, Gitzo and Avenger
- > 3rd party logistics (3PL) hub in Veneto: about 33% of VIS revenue shipped from the warehouse

> Customers:

- > Italy accounts for c.4% of Group revenue (VIS revenues include whole Amazon EU)



Vitec Imaging Solutions products

Bags



Motion control



Lighting & controls



Camera accessories



Audio capture



Supports



* Clockwise from top left: **Lowepro:** FreeLine BP 350 AW; **Manfrotto:** Noreg; **National Geographic:** Walkabout –Medium Camera Backpack; **Gitzo:** Adventure; **Syrp:** Magic Carpet Pro 3 Axis Kit; **Lastolite:** Skylite Rapid Kit; **Manfrotto:** Lykos; **JOBY:** Beamo; **JOBY:** GripTight Pro Telepod; GorillaPod Mobile Rig; **Manfrotto:** Befree advanced and PIXL Evo; **Gitzo:** 2 way Fluid Head; **Avenger:** Wind Up stand; **JOBY:** Wavo; **Rycote:** Windjammer; **Manfrotto:** Xume filters.



Vitec Production Solutions products

Bags



Camera accessories



Prompters



Mobile power



Distribution, rental & services



Robotic camera systems



Lighting & controls



Supports



* Clockwise from top left: **Sachtler**: Comporter; **OConnor**: O-Rig Pro Kit; **Autoscript**: E.P.I.C. prompter; **Autocue**: PSP17 teleprompter; **Anton/Bauer**: Titan; and Dionic XT Batteries; **Vinten**: Quartz Two pedestal; **Sachtler/Vinten**: Flowtech; **OConnor**: Ultimate 2560 Fluid Head; **Litepanels**: Gemini 1x1; **Vinten**: FH-155; **Camera Corps**: Q-Ball 3.

Vitec Creative Solutions products



Camera accessories



TERADEK RT



Monitors



Video transmission systems



Clockwise from top left: **Teradek**: Bolt 4K; **Wooden Camera**: Directors' monitor cage v3; **Teradek RT**: MK3.1 controller; **Teradek**: Serv Pro; **Paralinx**: Dart; **SmallHD and Teradek**: Focus 7 Bolt 500 RX; **SmallHD**: Cine 7.



FX sensitivities

Currency	Current spot rates (26 Feb 20)	FY 19 average rates	FY 18 average rates
USD	1.30	1.28	1.33
EUR	1.19	1.14	1.13
YEN	143	140	147

> The expected year-on-year impact on 2020 adjusted operating profit* at current spot rates would be a headwind of c. £0.3m**

> The expected further impact from subsequent currency movements on adjusted operating profit* in 2020 is:

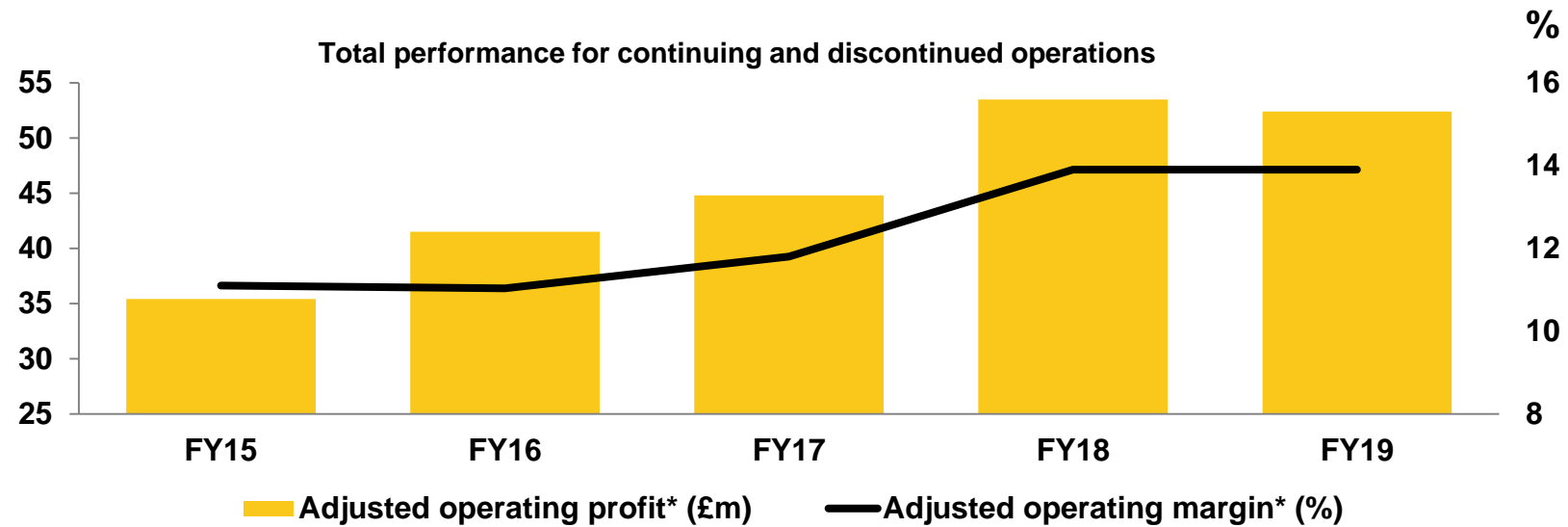
Currency	Movement	Impact on operating profit* (£m)
USD	+/- \$0.10	-/+ 2.9
EUR	+/- €0.10	-/+ 1.2
YEN	+/- 10 YEN	-/+ 0.6

* Before charges associated with acquisition of businesses and other adjusting items, as described on slide 44

**This includes the year-on-year impact resulting from the loss on cash flow hedges and balance sheet revaluations in 2019



Five year summary



Total continuing and discontinued operations	FY15	FY16	FY17	FY18	FY19
Revenue (£m)	317.8	376.2	378.1	385.4	376.1
Adjusted operating profit* (£m)	35.4	41.5	44.8	53.5	52.4
Adjusted operating margin*	11.1%	11.0%	11.8%	13.9%	13.9%
Cash generated from operations (£m)	41.7	64.8	48.7	54.0	59.2

* Before charges associated with acquisition of businesses and other adjusting items, as described on slide 44



IFRS 16 “Leases”

- > IFRS 16 “Leases” requires lessees to recognise most leases on the balance sheet, as the distinction between operating and finance leases is removed. The Group has adopted IFRS 16 from 1 January 2019 without restating comparatives.
- > The impact of IFRS 16 on adjusted measures in FY 2019 is as follows:

Income statement	FY 2019 £m	Cash flow & conversion	FY 2019 £m	Balance sheet & metrics	FY 2019 £m
Operating profit	+0.9	Operating cash flow	+7.3	Closing Net debt	+18.2
Net finance expense	(0.9)	Interest paid	(0.9)	Net debt : EBITDA (x)	+0.2x
Profit before tax	(0.0)	Free Cash flow	+6.4		
Operating profit	+0.9	Principal lease repayments	(6.4)	Closing Fixed assets	+15.9
Depreciation	+6.4	Net cash flow	-	ROCE (%)	(0.2)% pts
EBITDA	+7.3	Operating cash conversion (%)	+13% pts		

- > The Group’s banking covenants are on a pre-IFRS 16 basis as at 31 December 2019.



Alternative performance measures

APM	Closest equivalent statutory measure	Definition & Purpose																																	
Adjusted operating profit	Operating profit	<p>Calculated as operating profit before charges associated with acquisition of businesses and other adjusting items. The table below shows the reconciling items:</p> <table border="1"> <thead> <tr> <th>£m</th> <th>2019</th> <th>2018</th> </tr> </thead> <tbody> <tr> <td>Amortisation of acquired intangible assets</td> <td>(9.4)</td> <td>(6.4)</td> </tr> <tr> <td>Effect of fair valuation of acquired inventory</td> <td>(1.8)</td> <td>(0.3)</td> </tr> <tr> <td>Transaction costs relating to acquisition of businesses</td> <td>(0.1)</td> <td>(2.0)</td> </tr> <tr> <td>Earnout charges and retention bonuses</td> <td>(2.5)</td> <td>(1.4)</td> </tr> <tr> <td>Loss on disposal of business</td> <td>(0.4)</td> <td>-</td> </tr> <tr> <td>Restructuring costs</td> <td>(6.2)</td> <td>-</td> </tr> <tr> <td>Integration costs</td> <td>-</td> <td>(1.9)</td> </tr> <tr> <td>Development costs written off</td> <td>-</td> <td>(0.6)</td> </tr> <tr> <td>Guaranteed minimum pension charge</td> <td>-</td> <td>(0.7)</td> </tr> <tr> <td></td> <td>(20.4)</td> <td>(13.3)</td> </tr> </tbody> </table>	£m	2019	2018	Amortisation of acquired intangible assets	(9.4)	(6.4)	Effect of fair valuation of acquired inventory	(1.8)	(0.3)	Transaction costs relating to acquisition of businesses	(0.1)	(2.0)	Earnout charges and retention bonuses	(2.5)	(1.4)	Loss on disposal of business	(0.4)	-	Restructuring costs	(6.2)	-	Integration costs	-	(1.9)	Development costs written off	-	(0.6)	Guaranteed minimum pension charge	-	(0.7)		(20.4)	(13.3)
£m	2019	2018																																	
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Guaranteed minimum pension charge	-	(0.7)																																	
	(20.4)	(13.3)																																	
Adjusted operating profit margin	None	Calculated as adjusted operating profit divided by revenue.																																	
Adjusted operating expenses	Operating expenses	Calculated as operating expenses before charges associated with acquisition of businesses and other adjusting items.																																	
Adjusted profit before tax	Profit before tax	Calculated as profit before tax, before charges associated with acquisition of businesses and other adjusting items.																																	
Adjusted profit after tax	Profit after tax	Calculated as profit after tax before charges associated with acquisition of businesses and other adjusting items.																																	
Adjusted basic earnings per share	Basic earnings per share	Calculated as adjusted profit after tax divided by the weighted average number of ordinary shares in issue during the period.																																	
Free cash flow	Net cash from operating activities	Net cash from operating activities after proceeds from property, plant and equipment and software, purchase of property, plant and equipment, and capitalisation of software and development costs.																																	
Operating cash flow	Net cash from operating activities	Free cash flow before payment of interest, tax, restructuring costs, transaction costs relating to acquisition of businesses and integration costs.																																	
Return on capital employed (ROCE)	None	Calculated as adjusted operating profit for the last twelve months divided by average total assets less current liabilities excluding the current portion of interest-bearing borrowings.																																	
Adjusted EBITDA	Operating profit	Calculated as adjusted operating profit for the last twelve months before depreciation of tangible fixed assets and amortisation of intangibles (other than those already excluded from adjusted operating profit).																																	

- > In addition to statutory reporting, Vitec reports alternative performance measures (“APMs”) which are not defined or specified under the requirements of International Financial Reporting Standards (“IFRS”).
- > The Group uses these APMs to improve the comparability of information between reporting periods and Divisions, by adjusting for certain items which impact upon IFRS measures, to aid the user in understanding the activity taking place across the Group’s businesses.
- > APMs are used by the Directors and management for performance analysis, planning, reporting and incentive purposes.
- > A definition of the APMs used in this presentation is given on this slide.



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