

Enabling the capture and sharing  
of exceptional content.



# The Vitec Group plc Half Year Results 2019

Results in line with expectations

8 August 2019



# Important notice

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## **Forward-looking statements**

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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

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- > **Highlights**

- > Stephen Bird, Group Chief Executive

- > **Financial Review**

- > Kath Kearney-Croft, Group Finance Director

- > **Market and Strategy Update**

- > Stephen Bird, Group Chief Executive

- > **Q&A**



## Highlights: results in line with expectations

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### Financial highlights

- Robust performance in a non-Olympic year
- Continued strength in reported adjusted operating margin, towards our stated mid teen goal
- As expected, increase in net debt from acquisitions and IFRS 16 impact, with capacity for further organic and M&A investment
- Interim dividend growth of 7% to 12.3p per share

### Operational highlights

- Good progress executing strategy to drive growth and efficiencies, despite some disruption to the photographic market and the impact of US/China tariffs
- Integration of Amimon is complete and the launch of wireless video products into the broadcast sports market is on schedule for 2020
- Restructuring of Imaging Solutions to take advantage of the growing e-commerce channel is on track
- Investing in targeted growth initiatives in the faster growing segments of the market, including wireless video, smartphone accessories, audio capture, LED lights and motion control

**Outlook for 2019 is unchanged and, as expected, H2 weighted**



# Financial Review





## Robust performance in a non-Olympic year

	H1 2019 £m	H1 2018 £m	Better / (worse)	Better / (worse) at Constant FX	
Revenue	<b>184.2</b>	183.3	0.5%	(2.2%)	> Reported revenue growth despite non-repeat of 2018 Winter Olympics
Gross profit	<b>87.7</b>	83.7	4.8%	2.7%	> Growth in adjusted operating profit*
<i>Gross margin %</i>	<b>47.6%</b>	45.7%	+190 bps	+230 bps	> Continued focus on operational efficiencies & cost control
Operating expenses *	<b>(61.9)</b>	(58.2)	(6.4%)	(3.6%)	> US/China tariff impact in H1 mitigated by pricing & sourcing
Operating profit *	<b>25.8</b>	25.5	1.2%	0.5%	> Margin benefit from SmallHD insurance income
<i>Operating margin % *</i>	<b>14.0%</b>	13.9%	+10 bps	+40 bps	> Improvement in adjusted EPS* to 39.9p
Net finance expense	<b>(2.3)</b>	(1.0)			> Interim dividend increased by 7.0% to 12.3p per share
PBT *	<b>23.5</b>	24.5	(4.1%)	(4.0%)	> ROCE impacted by IFRS 16 'Leases' (see Appendix) and acquisition of Amimon as expected
Adjusted basic EPS *	<b>39.9p</b>	39.5p	1.0%		
Interim dividend per share	<b>12.3p</b>	11.5p	7.0%		
ROCE <sup>+</sup>	<b>20.1%</b>	21.7%	-160 bps		

\* Before charges associated with acquisition of businesses and material non-operating events, as described in the Appendix.

+ 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				Adjusted operating profit*			
	H1 2019 £m	H1 2018 £m	Better / (worse) %	Better / (worse) at Constant FX %	H1 2019 £m	H1 2018 £m	Better / (worse) %	Better / (worse) at Constant FX %
Imaging Solutions	95.5	98.5	(3.0%)	(4.2%)	13.4	14.9	(10.1%)	(5.5%)
Production Solutions	54.8	57.1	(4.0%)	(7.6%)	8.4	9.9	(15.2%)	(19.4%)
Creative Solutions	33.9	27.7	22.4%	15.0%	10.2	7.0	45.7%	37.3%
	184.2	183.3	0.5%	(2.2%)	32.0	31.8	0.6%	0.0%
Corporate & unallocated	-	-	-	-	(6.2)	(6.3)	1.6%	1.6%
	184.2	183.3	0.5%	(2.2%)	25.8	25.5	1.2%	0.5%

\* Before charges associated with acquisition of businesses and material non-operating events, as described in the Appendix.

### Imaging Solutions

- > Reduction in revenue in challenging market; focusing on faster growing segments
- > Margin improvement +20 bps on organic constant FX basis
- > Syrp and Rycote performance in line with expectations and H2 weighted

### Production Solutions

- > Solid performance in a non-Olympic year; new robotics, lighting and batteries products launched
- > On an underlying<sup>1</sup> basis margin accretion +40 bps driven by productivity improvements

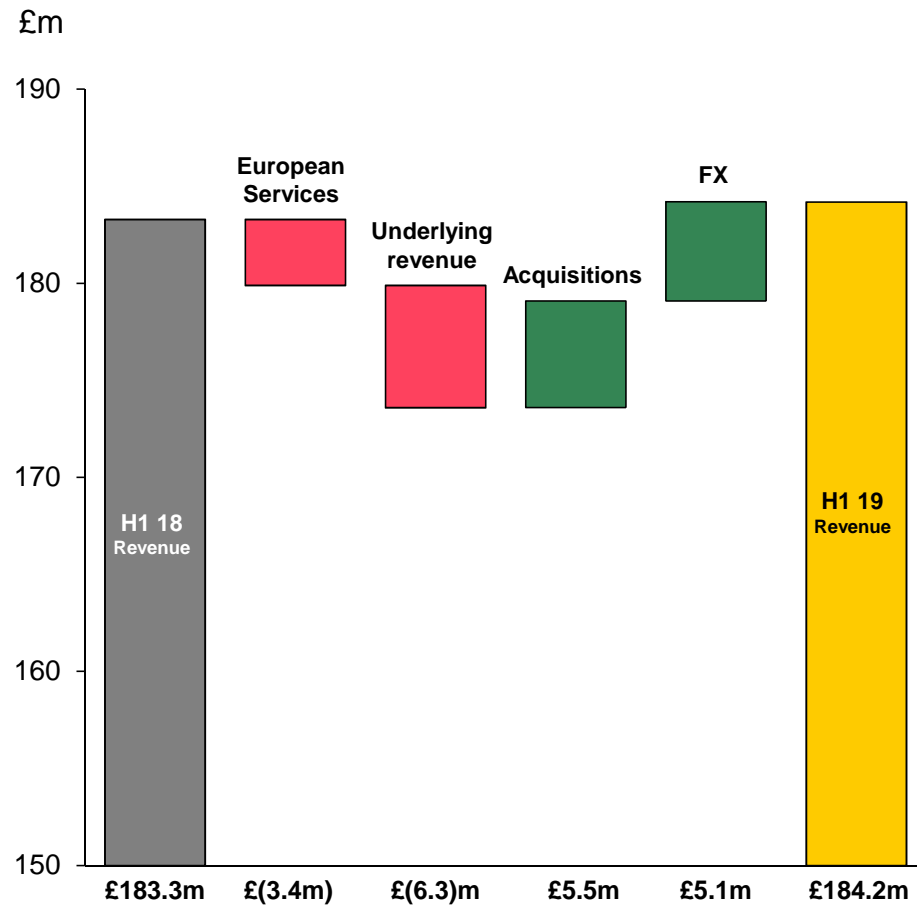
### Creative Solutions

- > Growth at Teradek with market-leading new products launched; SmallHD refocusing on higher end
- > Margin benefit from SmallHD insurance income; normalised margins remain above Group average
- > Amimon integration complete with contribution H2 weighted

<sup>1</sup> Excluding currency, Olympics and IFRS 16



## Group revenue bridge

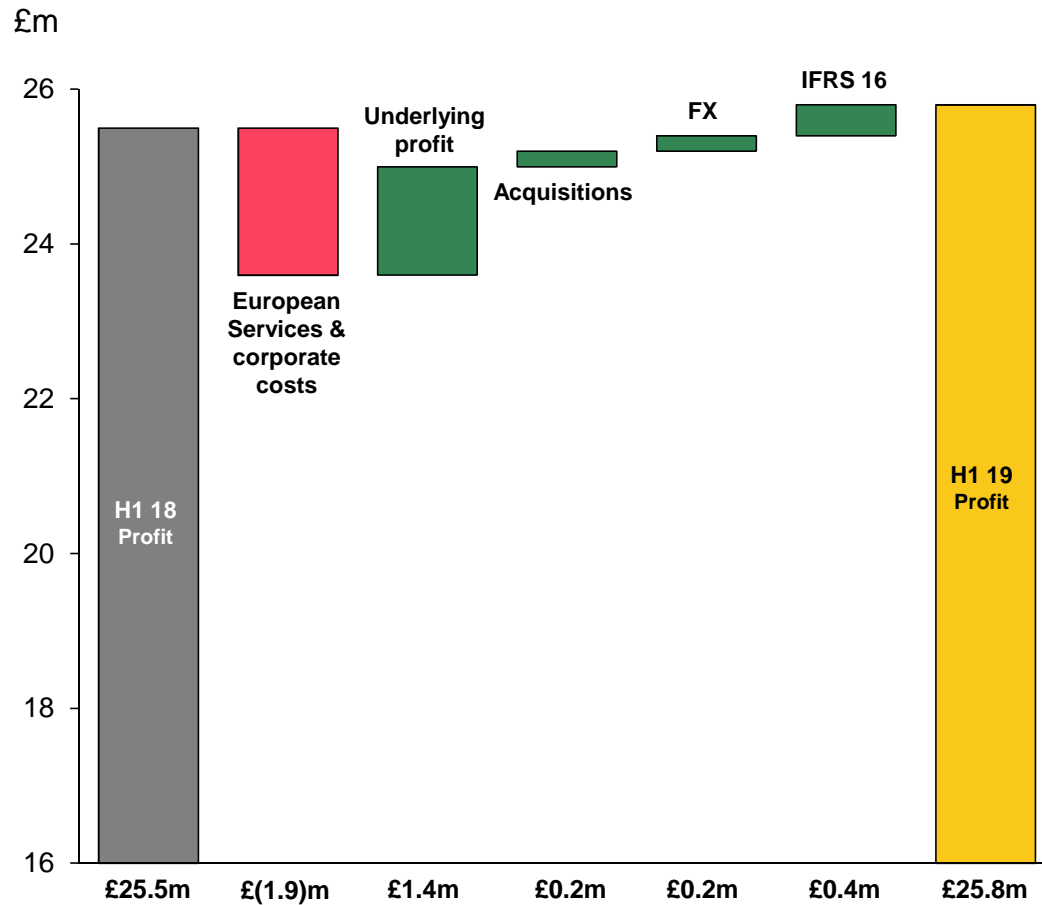


- > Anticipated reduction in revenue at European Services driven by non-repeat of 2018 Winter Olympics
- > Underlying revenue decline reflects:
  - > Challenging market conditions for Imaging Solutions
  - > Solid performance at Production Solutions
  - > Growth in Creative Solutions at Teradek and SmallHD
- > Benefit from 2018 acquisitions and Syrp, acquired in January 2019
- > Favourable FX mainly from stronger US Dollar year-on-year





## Group adjusted operating profit\* bridge



- > Anticipated reduction in profit at European Services driven by non-repeat of Winter Olympics; and slightly lower corporate costs
- > Underlying profit growth reflects:
  - > Efficiency improvements in Production Solutions
  - > Higher volumes offset by mix & investment for future growth at Creative Solutions
  - > Decline in volumes at Imaging Solutions, partly offset by channel mix and cost control
  - > Increased US/China tariff costs
- > H1 19 profit includes £5.8m SmallHD insurance income, related to disruption that started in 2018, £1.1m incremental
- > Small FX benefit with stronger US Dollar offsetting non-repeat of hedging gains in the prior year

\* Before charges associated with acquisition of businesses and material non-operating events, as described in the Appendix



## Cash generation

	<b>H1 2019 £m</b>	H1 2018 £m	Better / (worse) £m	
Operating profit *	<b>25.8</b>	25.5	0.3	> Reported free cash flow at a similar to level to prior year
Depreciation <sup>(1)</sup>	<b>9.1</b>	5.5	3.6	> Working capital investment includes timing of payments and seasonal inventory build
Working capital	<b>(8.7)</b>	(2.1)	(6.6)	> IFRS 16 impact of £3.2m with higher operating profit, depreciation and interest (refer to Appendix for detail)
Integration cash outflow	<b>(0.3)</b>	(1.5)	1.2	
Other <sup>(2)</sup>	<b>1.2</b>	(2.0)	3.2	> Capex includes higher capitalisation of development costs, mainly at Amimon
<b>Cash generated from operations</b>	<b>27.1</b>	25.4	1.7	
Capital expenditure <sup>(3)</sup>	<b>(7.9)</b>	(6.7)	(1.2)	> Higher interest following transformational acquisitions and IFRS 16 impact as expected
Proceeds from asset sales	<b>0.1</b>	0.1	-	
Interest paid	<b>(2.2)</b>	(0.9)	(1.3)	
Tax paid	<b>(1.1)</b>	(1.5)	0.4	
<b>Free cash flow</b>	<b>16.0</b>	16.4	(0.4)	> Operating cash conversion of 76%

\* Before charges associated with acquisition of businesses and material non-operating events, as described in the Appendix.

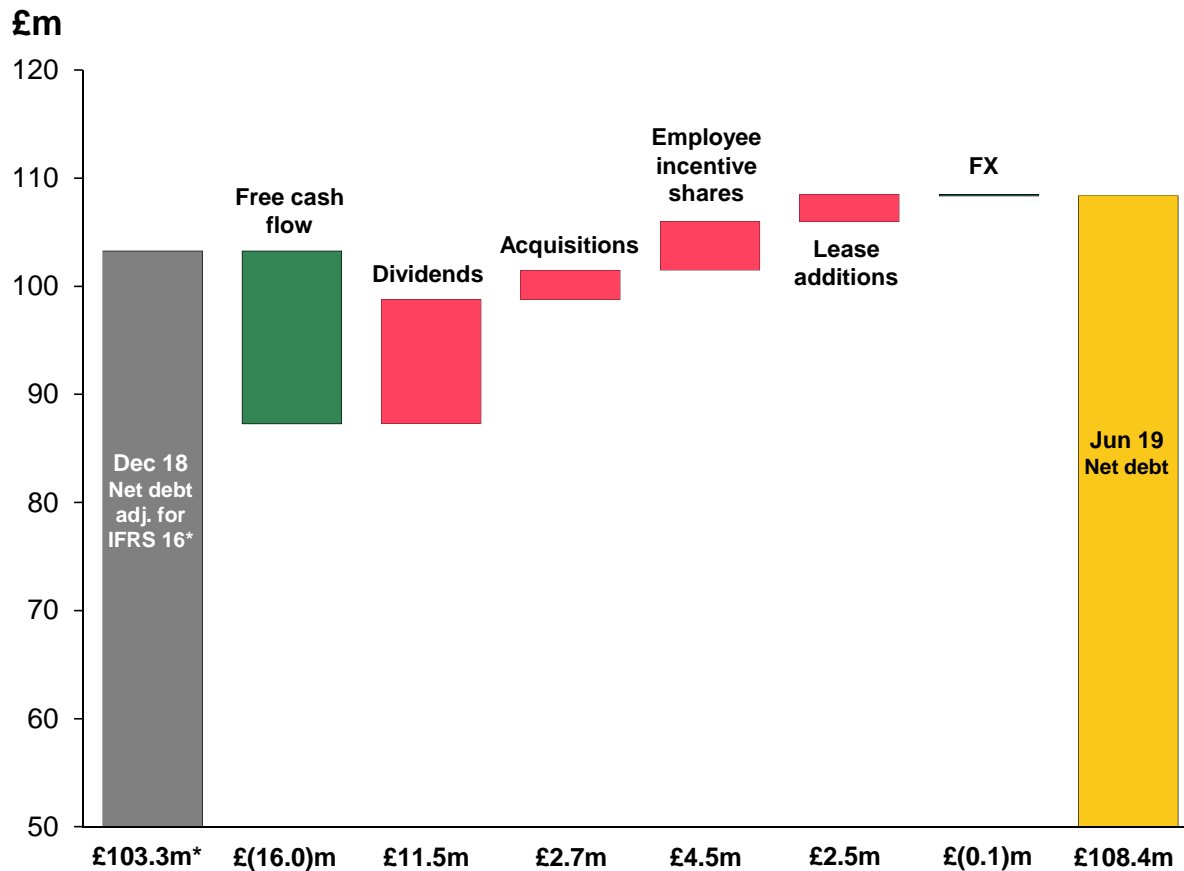
<sup>(1)</sup> Includes depreciation, amortisation of software and capitalised development costs and impairment losses on property, plant and equipment.

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

<sup>(3)</sup> Purchase of PPE and capitalisation of software and development costs.



# Net debt



- > Free cash flow of £16.0m offset by:
  - > 2018 final dividend payment
  - > Acquisition of Syrp and small Amimon working capital adjustment
  - > Transactions in own shares for funding of employee incentive plans
  - > Lease additions mainly renewals
  - > Net debt : EBITDA 1.6x, or 1.3x pre-IFRS 16
- > Significant impact on net debt from IFRS 16

\* December 2018 reported net debt (£81.0m) adjusted for IFRS 16 'Leases' impact (+£22.3m)

**Capacity to fund further acquisitions**



## H2 guidance

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- > As expected, performance will be H2 weighted, driven by Amimon, Syrp & Rycote as well as underlying seasonality
- > Potential geopolitical challenges
  - > US/China tariffs in H2 expected to be mitigated by pricing and alternative sourcing
  - > We continue to monitor the situation around Brexit
- > We expect to incur a £6m cash cost in 2019 as a result of the Imaging Solutions restructuring investment announced in May
- > Effective Tax Rate maximum 25% for full year
- > Updated FX guidance and IFRS 16 detail reflected in the Appendix



# Market & Strategy Update



## Group strategic priorities

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**1. Organic growth**

**2. Margin improvement**

**3. Further M&A activity**

**Continued 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

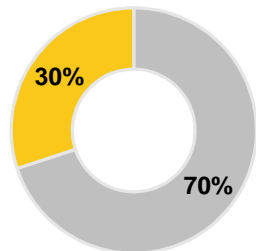
TAM  
£500m

Market 2019-2022 CAGR  
c. +6%

Market trend

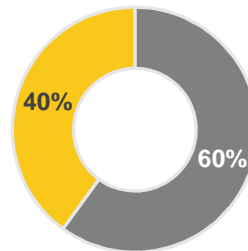


## Imaging Solutions



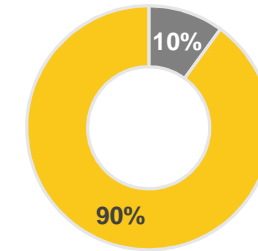
■ Photographic Market  
■ ICC/Cine Market

## 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 market

Note: TAM and CAGR are management estimates.



## Growth initiative targets mapped to most attractive growth opportunities

### Imaging Solutions

#### Smartphone Accessories

JOBY

#### Audio Capture

On-camera microphones (JOBY)

Microphones (Rycote)

Microphone accessories (Rycote)

#### Motion Control

Sliders and Gimbals  
(Syrp/Manfrotto)

### Production Solutions

#### LED Lights

Litepanels

#### Robotics

Vinten

#### Mobile Power

Anton/Bauer

### Creative Solutions

#### Wireless Broadcast Sports

Teradek/Amimon

#### 4K On-Camera Monitors

SmallHD

#### Integrated Products

Teradek/SmallHD/RT/Wooden Camera

Investing in developing a range of new products, across multiple brands, in the faster growing segments of the market





## Imaging Solutions: continues to outperform a challenging market

### Market

- > Ongoing transition to e-commerce channel
- > Premium end of photographic market resilient; decline in entry level DSLR market
- > Continued growth in smartphone accessories, motion control and audio capture

### Strategy update: increase revenue and maintain margins

1. Developing range of new products across multiple brands/market segments, focusing on ICC
2. Accelerating growth in smartphone accessories (JOBY), motion control (Syrp) and audio capture (Rycote)
3. Investing selectively in core business (Manfrotto, Gitzo, Lowepro, Avenger); focus on profitability
4. Grow in APAC
5. Investing in on-line capabilities to take advantage of acceleration in growth of e-commerce channel



**JOBY**  
GorillaPod 3K



**Syrp Genie**

**Imaging Solutions expected to continue to outperform the market by diversification into adjacent markets and restructuring of its business model**



## Imaging Solutions: investing in on-line capabilities

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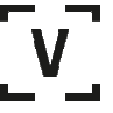
### Project details

- > Taking advantage of further growth in higher margin e-commerce channel where we continue to outperform the competition
- > Investing in new digital platform and team to improve web marketing and e-commerce capabilities
- > Reorganising sales and marketing by distribution channel which mirrors major e-commerce customers in Europe
- > Total investment c. €8.5m (£7.5m) in 2019 and 2020; savings expected to be c. €3.0m (£2.6m) by the end of 2021

### Project update

- > Ongoing transition to restructure distribution channels is well advanced; new organisation live by end Q1 2020
- > Developing industry's leading e-commerce platform; provides a long-term competitive advantage

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



# Production Solutions: good performance with continued operational excellence

## Market

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

## Strategy update: maintain revenue and improve margins

1. Investing in faster growing market segments and ICC
2. Investing selectively in core business focusing on profitability
3. Growing in APAC: goal to increase from 18% of sales
4. Driving further margin improvements, e.g. operational productivity improvements, purchasing
5. New wins in European Services

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



**Litepanels  
Gemini light**



**Anton/Bauer  
Titon battery**



## Creative Solutions: continues to grow with further benefit in H2

### Market

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



SmallHD  
Cine 7

### Strategy: increase revenue and maintain higher margins

1. Growing share in scripted series/films with core and integrated products and focusing on the more profitable segments of the ICC market
2. Leveraging Amimon to expand into broadcast sports
3. Growing in APAC: goal to grow from 11% of sales



Teradek  
Bolt 4K

**Further growth expected from Creative Solutions including benefit from the Amimon acquisition**



## Update from SmallHD

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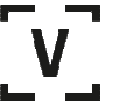
- > Recovering after difficult 12 months, but still work to be done
- > Moved to new custom-designed premises
- > Launched range of well-received new products at NAB April 2019
  - > Unique Cine 7 monitor; first to market with camera controls on the monitor
- > Focusing on core high end / higher margin with good early traction
- > Launching 4K monitors later this year
- > Further unique integrated products across Creative Solutions



**SmallHD positioned to grow with intuitive, innovative, integrated new products**

## Update from SmallHD

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## Update on Amimon acquisition

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- > **H1 performance in line with our expectations**
- > **Integration complete**
  - > Creative Solutions now has centres of R&D excellence in California, Texas, North Carolina and Israel
  - > Maximising R&D efficiency, prototyping and production workflow: fast and cost-effective development of next generation of products
  - > Reduced admin, sales and marketing expenses
- > **Strengthened position in cine market**
  - > World's first 4K zero-delay wireless video transmission system launched end H1 2019 (Teradek Bolt 4K)
  - > Further integration into other Creative Solutions products gives unique competitive advantage
- > **Expanding into adjacent markets**
  - > Developing new wireless video products for live production market, starting with broadcast sports
  - > On schedule to launch in 2020

**Amimon acquisition has given Vitec a number of strategic growth opportunities in the wireless video market**

## Update on Amimon acquisition

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## Summary: results in line with expectations

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1. Robust performance in non-Olympic year despite some challenges
2. Good progress executing strategy to drive growth and efficiencies
3. Integration of Amimon is complete and the launch of wireless products into the broadcast sports market is on schedule for 2020
4. Restructuring of Imaging Solutions' on-line capabilities on track
5. Investing in targeted growth initiatives

**Outlook for 2019 is unchanged and, as expected, H2 weighted – continue to expect a strong 2020**



# Q&A





# Appendices





# Investment proposition

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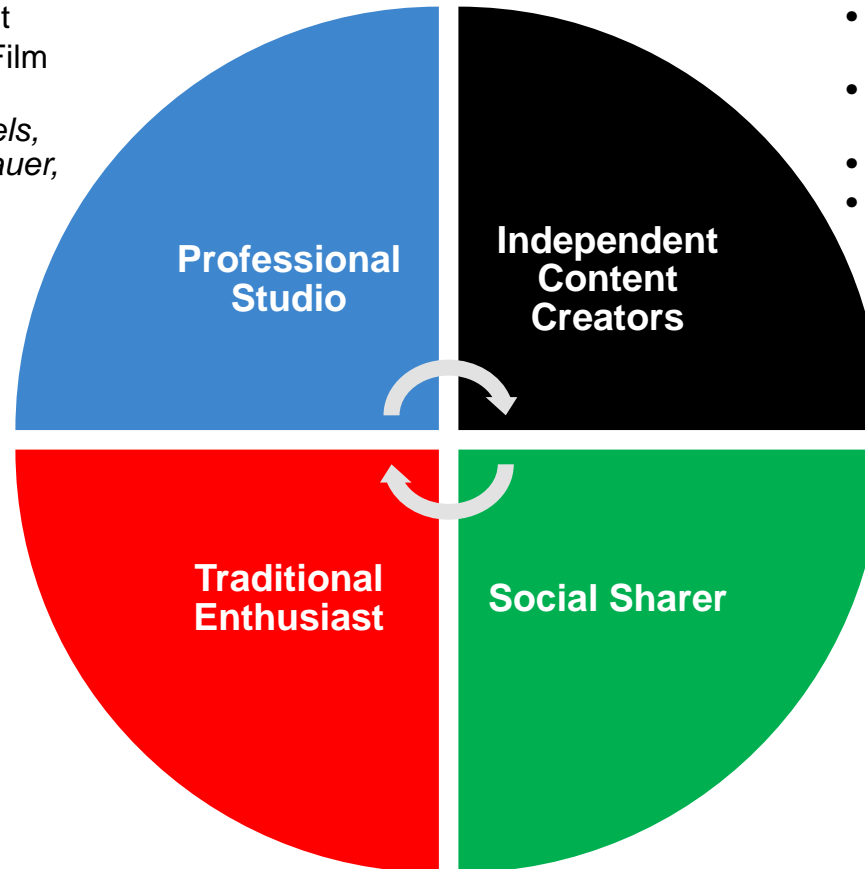
- 1. “Image capture and content creation” market is growing**
- 2. Market-leading brands with premium pricing, increasing technology capability**
- 3. Well positioned for organic growth and margin improvement**
- 4. Sound financial performance and robust balance sheet**
- 5. Progressive dividend policy**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

**The right strategy for continued 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*

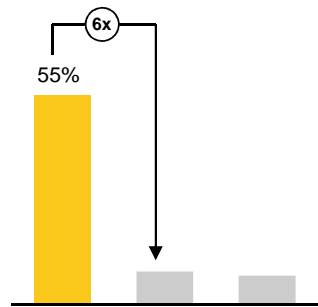
- **Advanced enthusiasts**
- Pursuing specific genre development
- Portrait, Outdoor, Urban
- e.g. *Manfrotto, Gitzo, Lowepro, Syrp*

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

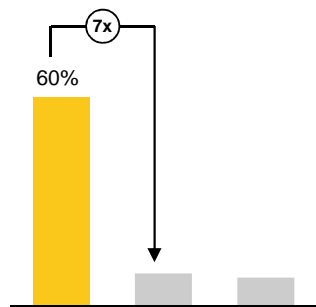


# Competitive landscape

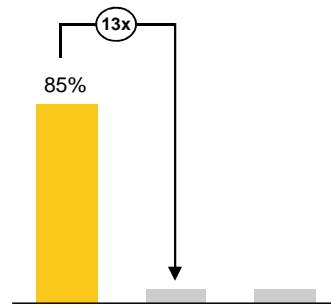
### Broadcast Camera Supports



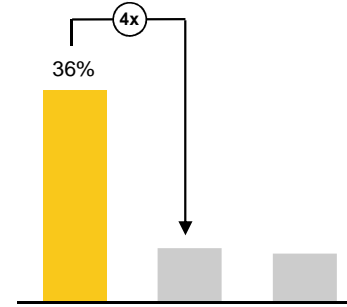
### Cinema Camera Supports



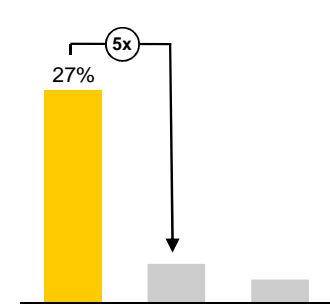
### On Set Wireless



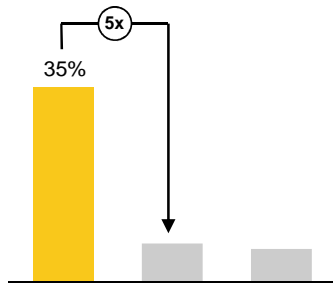
### Prompters



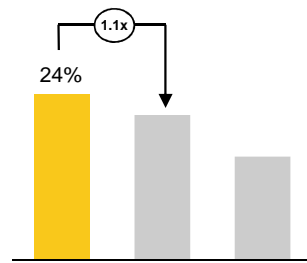
### Photographic Bags



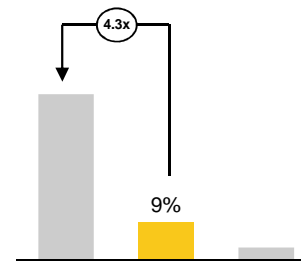
### Photographic Tripods



### Batteries



### LED lights



### Key

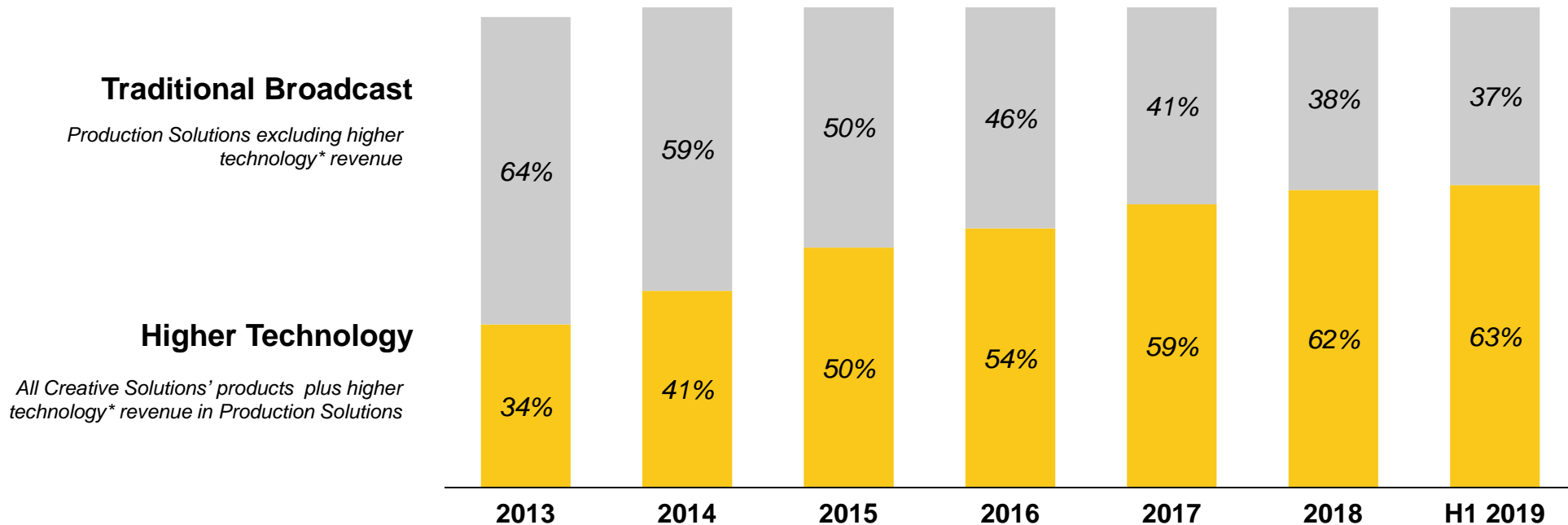
- Vitec market share
- Competition market share

Market share data based on 2018 management estimates.



## A higher technology focused business

Revenue from Production Solutions and Creative Solutions



- > Higher technology products generally have a higher margin than other broadcast products
- > Growth in revenue from higher technology products is mainly driven by acquisitions

\* Higher technology revenue in Production Solutions is made up of robotics, mobile power, LED lighting, specialty cameras, and IP prompter product sales plus Camera Corps' rentals revenue.

















## The Vitec Group: M&A track record

From start of 2012  
to H1 2019

**c. £140m** invested

Excluding impact of  
acquisitions in 2018 & 2019

**20%** 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 FY18 post-interest, pre-tax

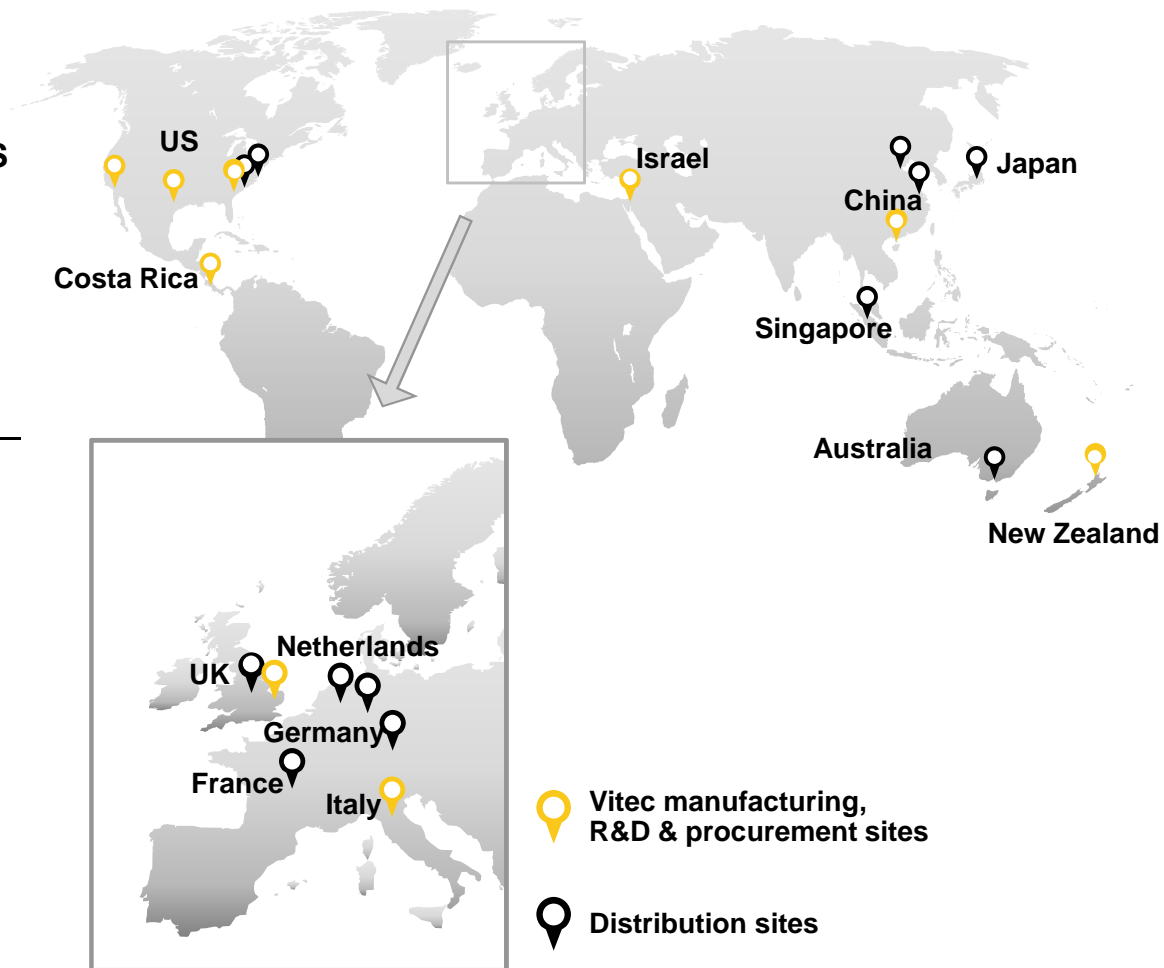
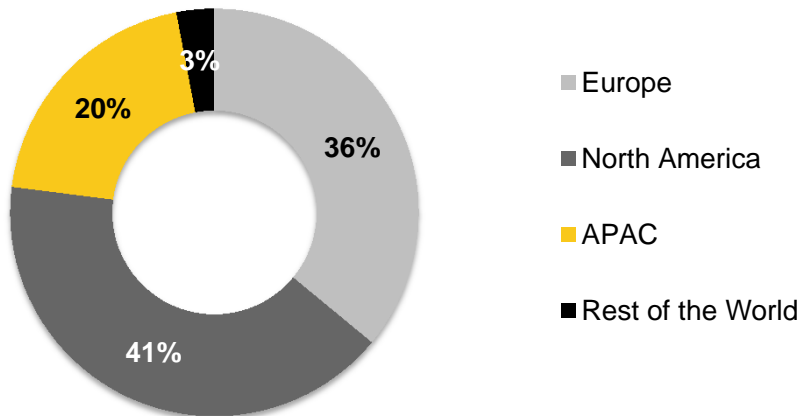




## Where we operate

- > Sites in 13 countries; sell into 100+ countries
- > Sales: UK accounts for only 12% 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

### H1 2019 revenue analysis by location of customer





# Vitec Imaging Solutions products

## Bags



## Motion control



Syrp



## Lighting & controls



## Supports



## Camera accessories



## Audio capture



\* 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:** GripTight Pro Telepod; GorillaPod Mobile Rig; **Manfrotto:** Befree advanced and PIXI Evo; **Gitzo:** 2 way Fluid Head; **Avenger:** Wind Up stand; **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**: Titon; 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

smallHD



smallHD



## 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 (7 Aug 2019)	H2 2018 average rates
USD	1.22	1.30
EUR	1.09	1.12
YEN	129	145

- > The expected impact on adjusted operating profit\* from currency movements in H2 2019 is:

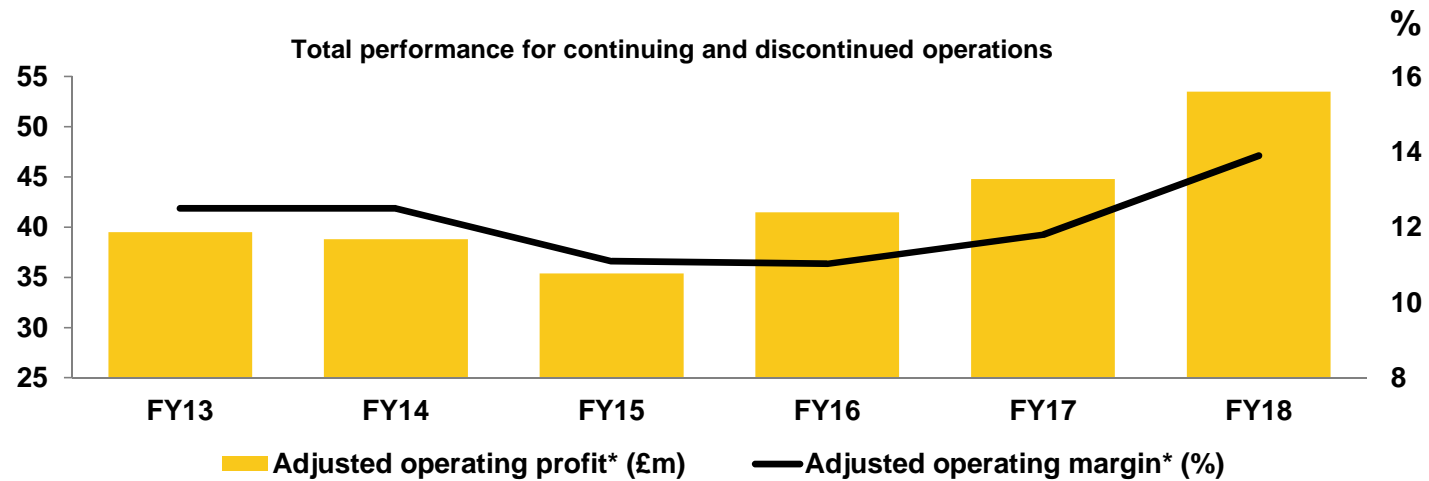
Currency	Movement	Impact on operating profit* (£m)
USD	+/- \$0.10	-/+ 0.6
EUR	+/- €0.10	-/+ 1.3
YEN	+/- 10 YEN	-/+ 0.3

- > The FX sensitivities shown here are different from guidance given at year-end reflecting: H2 impact only; and different mix of currencies offset by hedging.

\* Before charges associated with acquisition of businesses, restructuring costs and material non-operating events, as described on slide 40



## Five year summary



<b>Total continuing and discontinued operations</b>	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>	<b>FY17</b>	<b>FY18</b>	<b>HY19</b>
Revenue (£m)	315.4	309.6	317.8	376.2	378.1	385.4	184.2
Adjusted operating profit* (£m)	39.5	38.8	35.4	41.5	44.8	53.5	25.8
Adjusted operating margin*	12.5%	12.5%	11.1%	11.0%	11.8%	13.9%	14.0%
Cash generated from operations (£m)	52.4	42.0	41.7	64.8	48.7	54.0	27.1

\* Before charges associated with acquisition of businesses and material non-operating events, as described on slide 40



## 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 financial metrics in H1 2019 and our latest expectation for FY 2019 is as follows:

Income statement	H1 2019 £m	FY 2019*	Cash flow & conversion	H1 2019 £m	FY 2019*	Balance sheet & metrics	H1 2019 £m	FY 2019*
		£m			£m			£m
Operating profit	+0.4	+0.9	Operating cash flow	+3.7	+7.3	Net debt	+21.6	+20.7
Net finance expense	(0.5)	(1.0)	Interest paid	(0.5)	(1.0)	Net debt : EBITDA (x)	+0.3x	+0.2x
<b>Profit before tax</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>Free Cash flow</b>	<b>+3.2</b>	<b>+6.3</b>			
Operating profit	+0.4	+0.9	Principal lease repayments	(3.2)	(6.3)	Fixed assets	+19.9	+19.1
Depreciation	+3.3	+6.4	<b>Net cash flow</b>	<b>-</b>	<b>-</b>	ROCE (%)	(0.6)% pts	(0.4)% pts
<b>EBITDA</b>	<b>+3.7</b>	<b>+7.3</b>	Operating cash conversion (%)	+13% pts	+11% pts			

- > The Group’s banking covenants are on a pre-IFRS 16 basis.

\* FY 2019 estimated impact

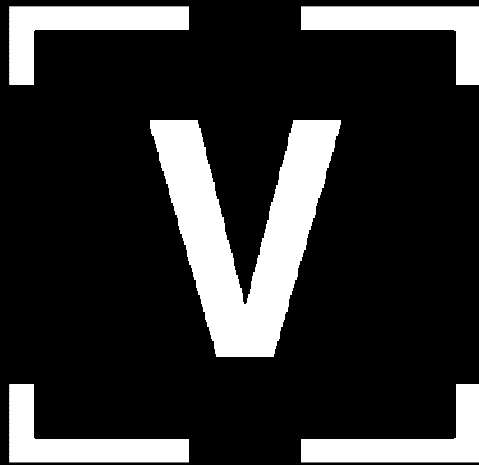


## Alternative performance measures

APM	Closest equivalent statutory measure	Definition		
Adjusted operating profit	Operating profit	Calculated as operating profit before charges associated with acquisition of businesses and material non-operating events. The table below shows the reconciliation:		
		<b>H1 2019</b>	H1 2018	
		<b>£m</b>	£m	
		<b>Adjusted Operating Profit</b>	<b>25.8</b>	<b>25.5</b>
		Amortisation of acquired intangible assets	<b>(4.8)</b>	(3.1)
		Effect of fair valuation of acquired inventory	<b>(0.7)</b>	-
		Transaction costs relating to acquisition of businesses	<b>(0.1)</b>	(0.1)
		Earnout charges and retention bonuses	<b>(1.0)</b>	(0.5)
		Integration costs	-	(1.1)
Restructuring costs	<b>(0.3)</b>	-		
		<b>Operating Profit</b>	<b>18.9</b>	<b>20.7</b>
Adjusted operating expenses	Operating expenses	Calculated as operating expenses before charges associated with acquisition of businesses and material non-operating events.		
Adjusted profit before tax	Profit before tax	Calculated as profit before tax, before charges associated with acquisition of businesses and material non-operating events.		
Adjusted profit after tax	Profit after tax	Calculated as profit after tax before charges associated with acquisition of businesses, material non-operating events, and profit on disposal of businesses.		
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	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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