The Vitec Group plc
Full year results 2013

> **Stephen Bird,** Group Chief Executive

> **Paul Hayes,** Group Finance Director

> 26 February 2014

A good performance in challenging markets

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Agenda

- **Overview**
  - **Stephen Bird,** Group Chief Executive
- **Financial Review**
  - **Paul Hayes,** Group Finance Director
- **Strategic and Operational Review**
  - **Stephen Bird,** Group Chief Executive

Overview

> **Stephen Bird**
> Group Chief Executive

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Overview

- Good performance in challenging markets
- Further improvement in margins with a 110 bps increase in operating margin* to 12.5%
- Good profit* performances by all three Divisions despite challenging markets
- Strong free cash flow of £21.4 million after £7.9 million of restructuring spend
- Teradek acquisition performing well and complementing our Broadcast activities
- Following the successful restructuring, the streamlined business is strongly positioned to benefit from any market upturn
- Recommended 4.5% increase in total dividend for the full year

* *Before restructuring costs and charges associated with acquired businesses.*

Financial Review

> **Paul Hayes**
> Group Finance Director

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Further improvement in operating margins*

	2013 £m	2012 £m	Δ %	Δ Organic CER ** %
Revenue	315.4	345.3	(8.7%)	(9.2%)
Gross profit *	138.6	147.2	(5.8%)	
*Gross margin % **	*43.9%*	*42.6%*	*+130 bps*	
Operating expenses *	(99.1)	(107.9)	(8.2%)	(9.9%)
Operating profit *	39.5	39.3	0.5%	(4.2%)
*Operating margin % **	*12.5%*	*11.4%*	*+110 bps*	
Net finance expense	(3.9)	(3.1)		
PBT *	35.6	36.2	(1.7%)	(5.7%)
Adjusted EPS *	56.1	55.8	0.5%	
Dividend per share	23.0p	22.0p	4.5%	

- 110bps improvement in operating margin* despite lower sales
- £6.2m benefit from restructuring activities (1)
- Further reduction of £5.3m in operating expenses* through strong cost control
- Finance costs in line with expectations
- Adjusted EPS* up 0.5% to 56.1p
- Full year dividend increased by 4.5%

** Before restructuring costs and charges associated with acquired businesses. Profit before tax and adjusted earnings per share are also before disposal of business.*
*** Organic CER at Constant Exchange Rates excluding year on year effect of acquisitions and disposal.*

(1) Includes £1.8 million benefit in gross margin

Good profit margin* performances by all three Divisions

	Revenue			Operating Profit*			Operating Margin* %		
	2013 £m	2012 £m	Δ £m	2013 £m	2012 £m	Δ £m	2013 %	2012 %	Δ % pts
Videocom	143.1	146.2	-3.1	17.9	15.8	+2.1	12.5%	10.8%	+1.7pts
Imaging ***(excl. Staging)***	141.2	157.9	-16.7	20.1	22.9	-2.8	14.2%	14.5%	-0.3pts
Staging **	-	*8.2*	*-8.2*	-	*(0.6)*	*+0.6*	-	*(7.3)%*	*n/m*
Services	31.1	33.0	-1.9	1.5	1.2	+0.3	4.8%	3.6%	+1.2pts
	315.4	**345.3**	**-29.9**	**39.5**	**39.3**	**+0.2**	**12.5%**	**11.4%**	**+1.1pts**

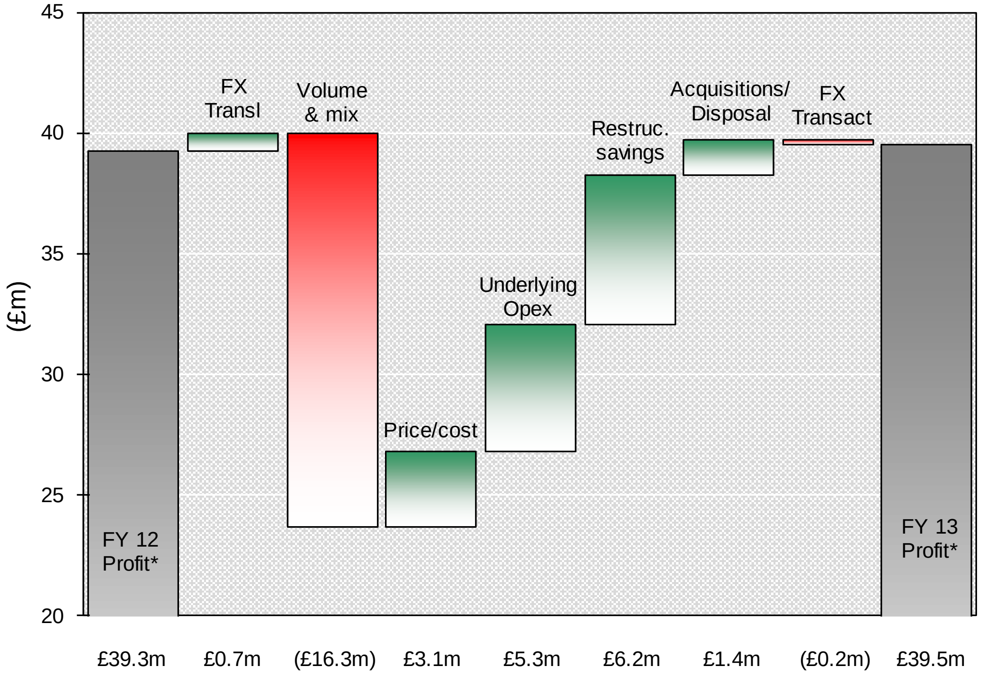
** Before restructuring costs and charges associated with acquired businesses. ** Staging disposed August 2012.*

Videocom
> Good sales performance on an ex-London 2012 Olympics basis
> Strong Teradek performance for 4 months of our ownership
> Operating margins* improved through tight cost management and restructuring benefits

Imaging
> Maintained operating margin* through pricing initiatives, cost control and restructuring

Services
> Growth in operating profit* and operating margin* in a non-Olympic year

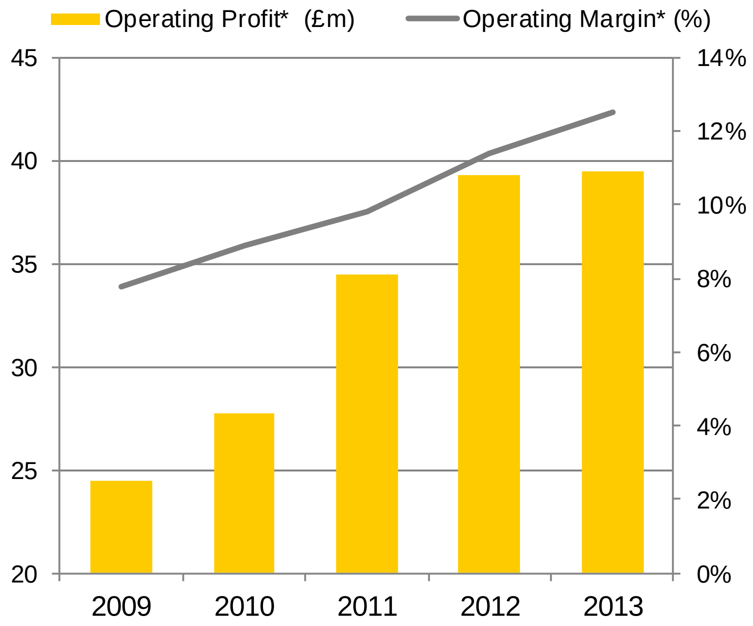
Operating profit reflects strong cost management and restructuring



** Before restructuring costs and charges associated with acquired businesses.*

- Volume and mix reflects challenging markets and a non-Olympic year
- Price initiatives more than offset higher commodity costs
- Lower operating expenses* delivered £5.3m benefit
- £6.2m of savings from restructuring
- Product development maintained at 4% of product sales
- Benefit from acquisition of Teradek in August 2013 and disposal of Staging business in 2012

Further improvements in margin including benefits from restructuring



Revenue (£m)	315.1	309.6	351.0	345.3	315.4

** Before restructuring costs and charges associated with acquired businesses in 2013, 2012 and 2011; and before significant items in 2010 and 2009.*

- Complex restructuring projects delivered on schedule and are substantially completed:
  - Transferring manufacturing from the UK to Costa Rica
  - Downsizing selected activities in the UK, Israel and US
- £6.2m savings delivered in FY 2013 and estimated further £2.0m benefit in 2014
- One-off restructuring costs of £11.4m in 2013 (£7.9m in cash)
- Remaining costs of c.£1m (c.£4m cash) to complete projects in 2014

Strong cash flow generation

	2013 £m	2012 £m	Δ £m
Operating profit *	39.5	39.3	0.2
Depreciation (1)	14.3	14.2	0.1
Working capital	8.6	(14.9)	23.5
Restructuring costs (2013 plan)	(7.9)	0.0	(7.9)
Other (2)	(2.1)	(0.2)	(1.9)
Cash generated from operations	**52.4**	**38.4**	**14.0**
Capital expenditure (3)	(22.7)	(15.5)	(7.2)
Proceeds from asset sales	3.8	1.8	2.0
Net interest and tax paid	(12.1)	(13.9)	1.8
Free cash flow	**21.4**	**10.8**	**10.6**

- Strong free cash flow after £7.9m of restructuring payments
- Continued focus on working capital management, with £8.6m net reduction:
  - Inventory decreased £4.9m with strong control throughout the year
  - Trade receivables decreased £2.7m with continued good ageing position
  - Trade payables increased £2.2m from low balance at Dec 2012
- Capital expenditure in line with expectations and includes £3.8m spend for 2014 Winter Olympics

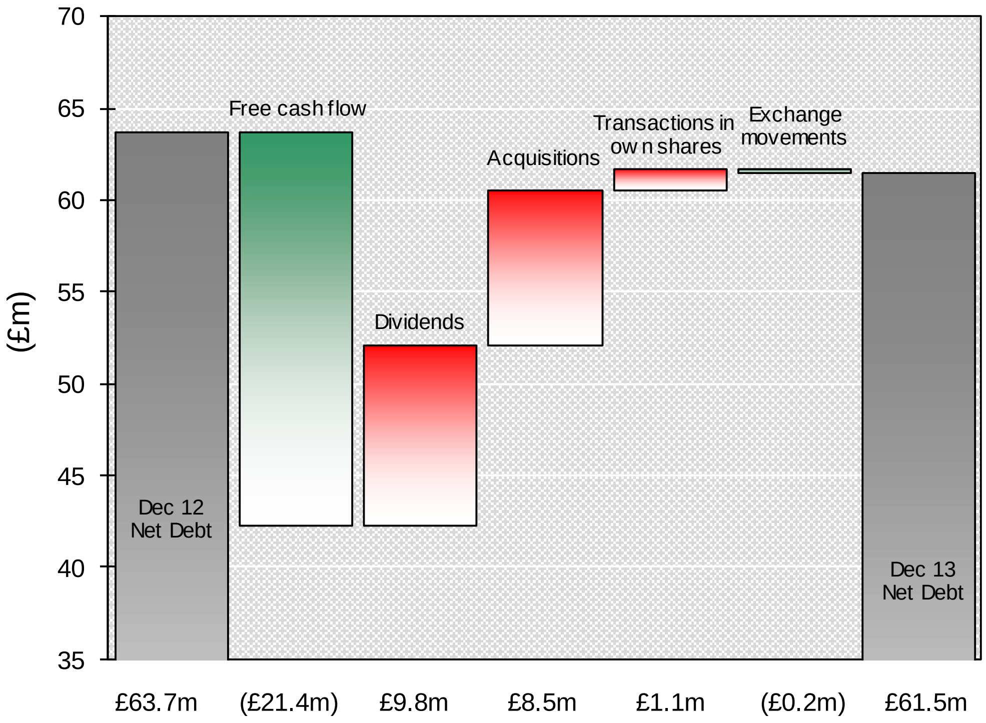
* *Before restructuring costs and charges associated with acquired businesses.*

(1) *Includes depreciation and amortisation of capitalised software and development costs.*

(2) *Includes change in provisions, share based charges, gain on disposal of PPE, fair value derivatives and transaction costs relating to acquisitions.*

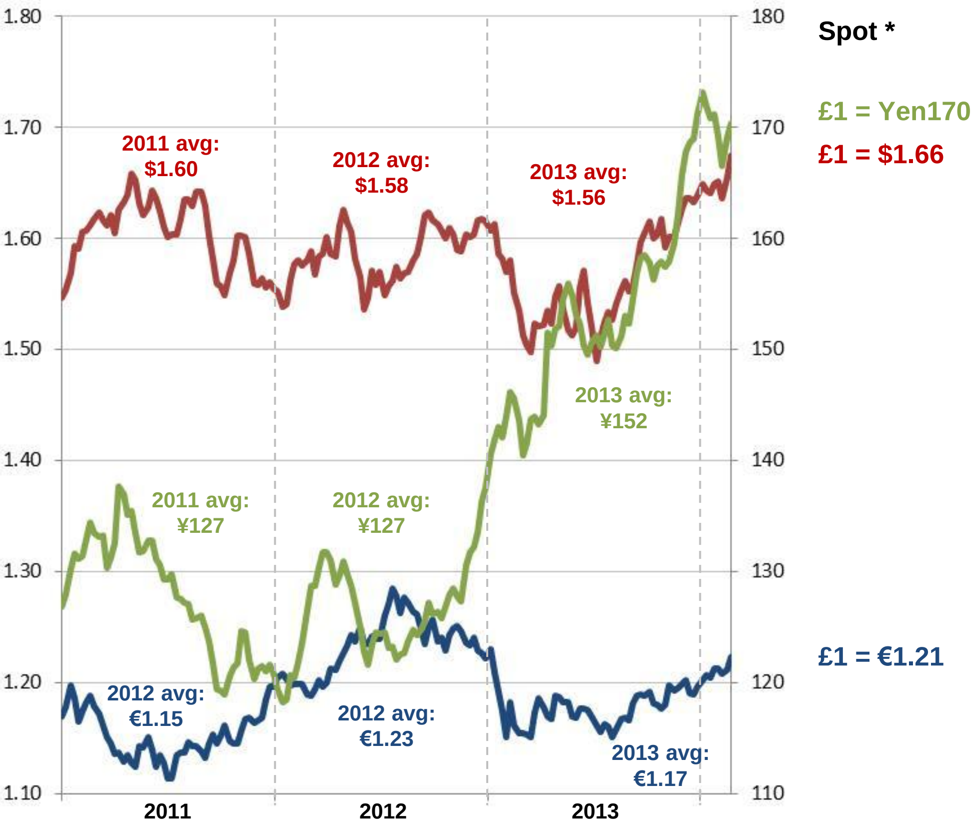
(3) *Purchase of PPE and capitalisation of software and development costs.*

Strong balance sheet



- Net debt reduced by £2.2m on strong free cash flow
- £8.5m acquisitions outflow:
  - £7.3m net initial cash outflow on acquisition of Teradek
  - £1.2m for Haigh-Farr earn-out for 2012
- Transactions in own shares reflect employee benefit obligations
- Net debt to EBITDA of 1.1x (Dec 2012: 1.2x)
- Significant headroom with £130m of banking facilities

Foreign Exchange



- Sterling has strengthened against the US Dollar, Yen and Euro
- Vitec hedges most of its transactional exposures. The average rates of these hedges are becoming less favourable
- Translational impact is unhedged. Current exchange rates would reduce the Group's reported performance
- c.£1.5m potential adverse impact on operating profit vs current 2014 forecasts

* *As at 24 February 2014*

Other financial points

- Tax
  - Effective tax rate decreased to 31% (2012: 33%) reflecting the mix of territories where our profits arose
  - Targeting a similar tax rate for 2014
- Factors affecting net debt 2014
  - c.£4.0m of cash outflows to fund completion of restructuring activities
  - Up to £2.9m earnouts expected to be paid in cash in the first half of 2014:
    - Up to $3.2m (£2.1m) in relation to Teradek performance in 2013
    - $1.3m (£0.8m) in relation to Haigh-Farr
- Other
  - £3.1m to be amortised in 2014 and similar charge thereafter
  - We plan to continue to invest in product development at c.4% of product sales

Financial Review: Summary

- Good performance in 2013 with continued growth in margins
- Restructuring delivered on schedule with £6.2m benefit in 2013
- Strong free cashflow
- Teradek acquisition performing well
- Full Year dividend increased by 4.5% to 23.0 pence per share

Strategic & Operational Review

> **Stephen Bird**
> Group Chief Executive

Market Conditions

- Videocom Division
  - Flat demand in a challenging Broadcast & Video market and absence of 2012 London Olympics
  - Business is well positioned with a broad geographic reach in the premium end of the market
  - Continue to strengthen product portfolio, including acquisition of Teradek
  - MAG market depends on investment by US government agencies and 2013 included benefit of $5.8m contract from US Department of Justice
- Imaging Division
  - 15% reduction in global shipments of interchangeable lens cameras in 2013*
  - New product lines launched in 2013 are performing well, including new professional tripod and bag ranges
  - Continuing to strengthen position in consumer markets
- Services Division
  - Benefit in 2014 from the Sochi Winter Olympics & FIFA World Cup

* *Source: CIPA (Camera & Imaging Products Association)*

Videocom

Improved operating margins* despite lower volumes

	2013 £m	2012 £m	Δ %
Revenue	143.1	146.2	(2.1%)
Operating profit *	17.9	15.8	13.3%
Operating margin % *	12.5%	10.8%	+170 bps

* *Before restructuring costs and charges associated with acquired businesses.*

Videocom

- Growth in operating profit* and margin* from strong cost control and streamlining activities
- Core supports business performing well
- Litepanels LED lights maintained market leading position
- Restructuring activities substantially complete:
  - Transfer of manufacturing to Costa Rica
  - Streamlining UK and US operations
- Teradek acquisition performing well

Imaging

Good performance in a challenging market

	2013 £m	2012 [1] £m	Δ %
Revenue	141.2	157.9	(10.6%)
Operating profit *	20.1	22.9	(12.2%)
Operating margin % *	14.2%	14.5%	-30 bps

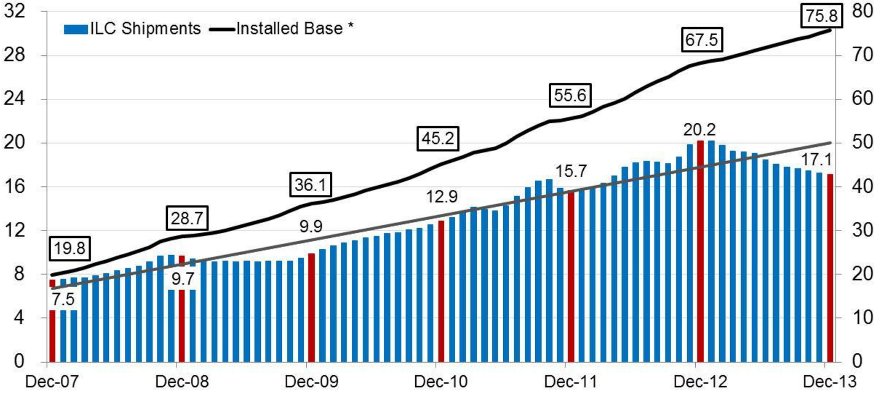
[1] Excluding Staging
** Before restructuring costs and charges associated with acquired businesses.*

Imaging

- Maintained or increased market share in a challenging market particularly in the US
- Operating margin* maintained through pricing initiatives, restructuring activities and strong cost control
- Restructuring initiatives in UK, Europe and Israel successfully completed
- Manfrotto branded camera bags performing well

Developments in the Imaging market

Shipments of interchangeable lens cameras (moving 12 month totals) and growth in installed base *
(millions of units)



** Management estimate, assuming 5 year replacement cycle*

Source: CIPA

- Reduction in the shipment of interchangeable lens cameras since last year
- Large installed base of interchangeable lens cameras
- Longer term prospects remain positive
- Imaging is well positioned, supported by new product launches including:
  - New Manfrotto190 tripod series
  - BeFree compact tripod
  - Manfrotto Professional bag

Manfrotto 190

BeFree

Manfrotto Pro Bag

Services

Focus on margins and cash flow

	2013 £m	2012 £m	∆ %
Revenue	31.1	33.0	(5.8%)
Operating profit *	1.5	1.2	25.0%
Operating margin % *	4.8%	3.6%	+120 bps

* *Before restructuring costs and charges associated with acquired businesses.*

Services

- Important role in driving sales of other Divisions' products
- Improvement in operating profit* and margin* in a non-Olympic year
- Focus on events where higher levels of service are most needed
- Continued focus on pricing and improving asset utilisation in a competitive market
- Sochi Winter Olympics and FIFA World Cup in 2014

Teradek acquisition performing well

Bond

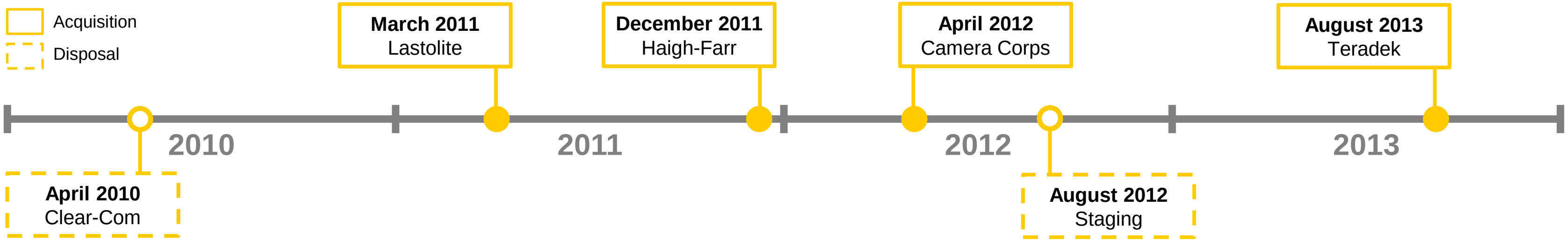
Cube

VidiU

Bolt

- World leading provider of wireless video devices used by broadcasters, businesses and web channels to wirelessly transmit images
- Strengthens Vitec's product offering, particularly to the growing number of independent videographers and business users
- Significant scope for Teradek's products to be sold through Vitec's global sales and distribution network
- Performing well, with good progress on integration

Vitec's acquisitions have delivered a 14% return after funding costs



- > Over the last four years Vitec has invested £47.0m in four earnings-enhancing acquisitions. It has disposed of two non-core businesses
- > The acquisitions were made at an average of 6x forecast EBITDA and post-acquisition operating profits have exceeded expectations
- > Cumulatively, they have provided a 14% return after funding costs
- > We will continue to make appropriate value-adding acquisitions

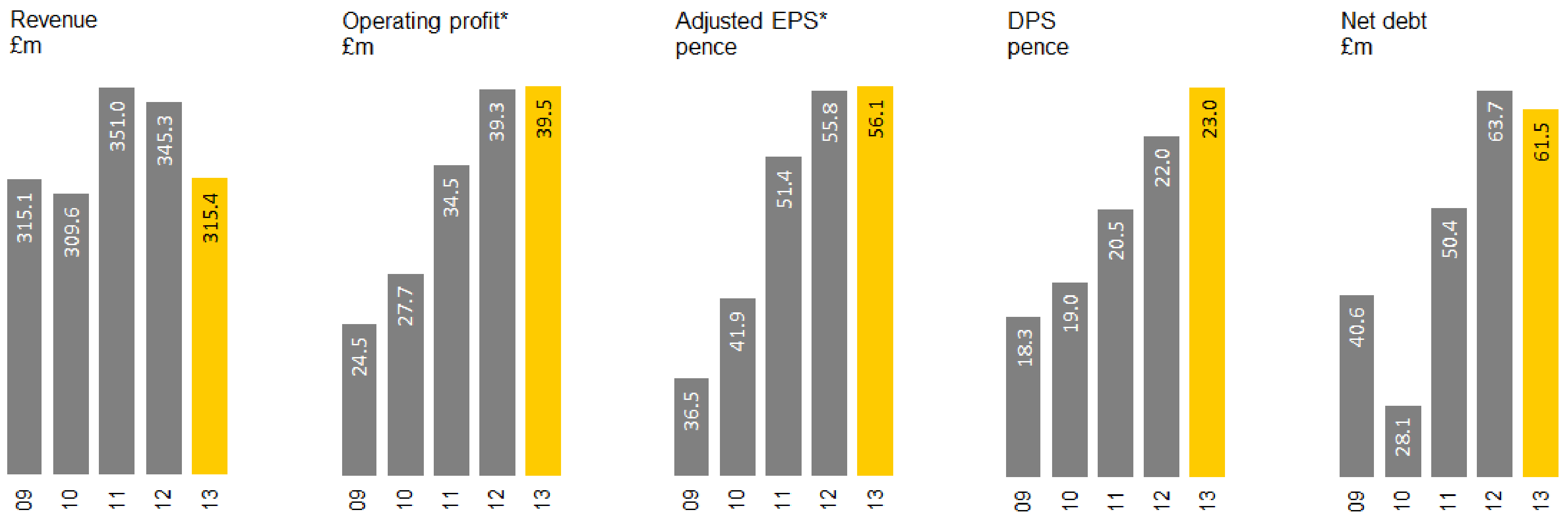
Summary and Outlook

- Continued growth in operating margins despite challenging markets
- Good margin performance by all three Divisions
- Restructuring and streamlining of business substantially completed
- Teradek acquisition performing well
- Positive operational outlook with: a full year impact from streamlining; a full year of Teradek; and the Winter Olympics & World Cup. Headwinds from currency movements.
- Well positioned to benefit from any upturn in our markets

Questions

Appendices

Key financial measures – Full year



* Before restructuring costs and charges associated with acquired businesses in 2013, 2012 and 2011; and before significant items in 2010 and 2009. Adjusted earnings per share is also before disposal of business.

Vitec at a glance

Videocom

Premium Broadcast Equipment

Supports, LED Lighting, Mobile Power, Bags, Prompters, Robotic Camera Systems

Integrated Microwave Solutions (MAG)

Video Transmission Devices, Receive Systems, Speciality Antennas

	FY 2013
Revenue	£143.1m
Operating Profit*	£17.9m
Operating Margin* %	12.5%

Imaging

Premium Photographic Equipment

Supports, Bags, LED Lighting & Lighting Accessories

	FY 2013
Revenue	£141.2m
Operating Profit*	£20.1m
Operating Margin* %	14.2%

Services

Broadcast Production Support

Equipment Rental and Used Equipment Sales, Fibre Optic Integration and Installation

	FY 2013
Revenue	£31.1m
Operating Profit*	£1.5m
Operating Margin* %	4.8%

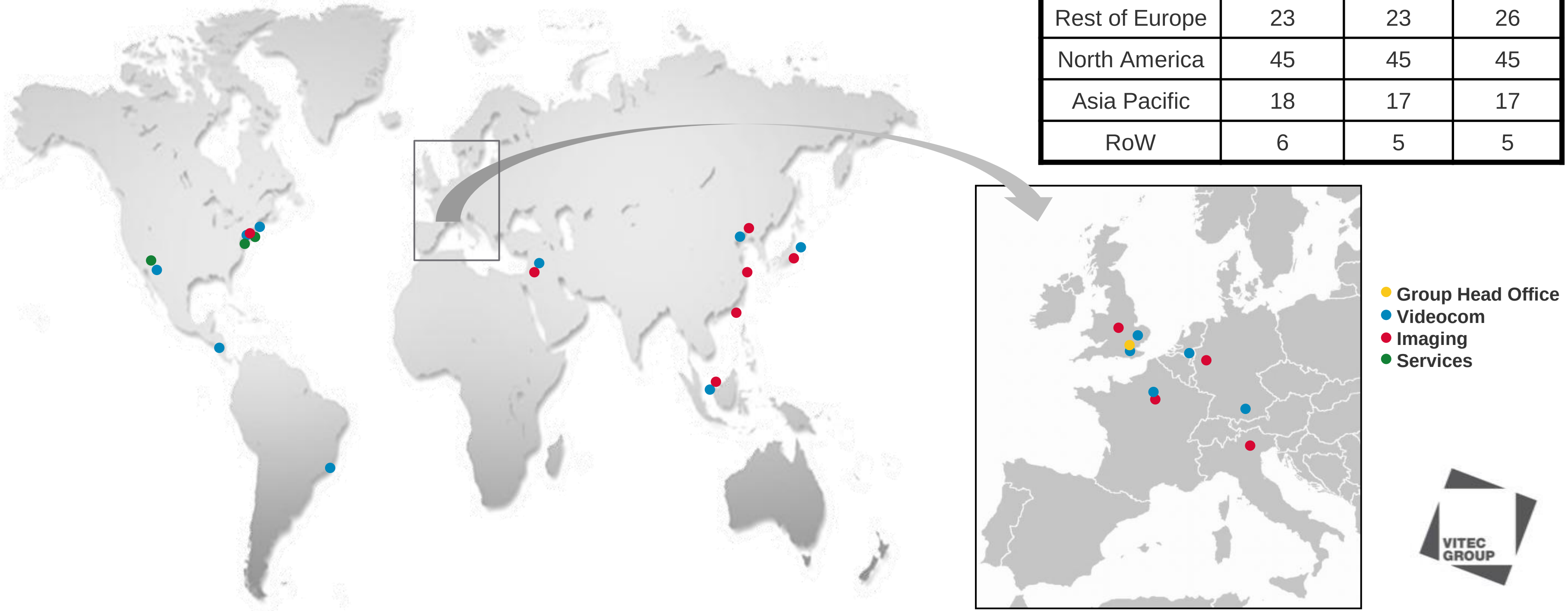
* Before restructuring costs and charges associated with acquired businesses

** Manufactured and distributed under licence

Geographic reach

- Wide geographic spread
- Sites in 12 countries; sell into 100+ countries
- Sales: UK accounts for only 8% of revenue

Destination	*% of revenue*		
	FY 2013	*FY 2012*	*FY 2011*
UK	8	10	7
Rest of Europe	23	23	26
North America	45	45	45
Asia Pacific	18	17	17
RoW	6	5	5



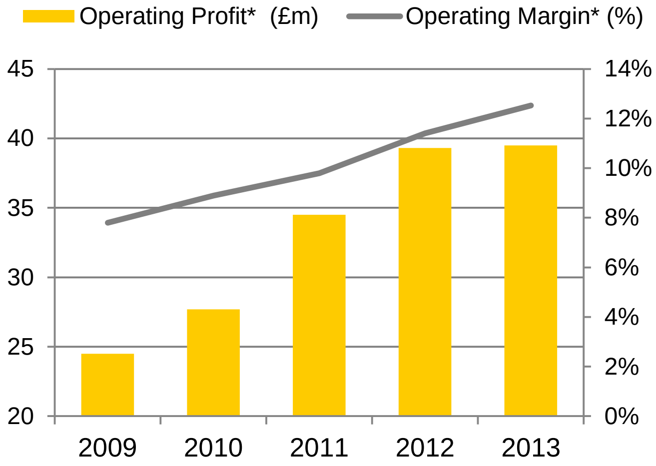
A clear strategy to drive shareholder value

Growth Strategy	▸ Leading branded products ▸ Strong customer relationships ▸ Global reach ▸ Markets with long-term growth
Enhancing Margins	▸ Clearly defined sales initiatives and opportunities ▸ Potential to improve margins to reflect premium brands ▸ Proactive management of cost base
Corporate Development	▸ Track record in acquiring and integrating businesses ▸ Acquisitions into adjacent markets & technologies ▸ Exit from non-core businesses (e.g. Staging and Clear-Com)
Strong Cash Flow	▸ Disciplined working capital management ▸ Focus on cash generation ▸ Progressive dividend policy

Established track record in improving Group margins

- Targeting the medium term improvement in Group margins through:
  - The benefit of maturing sales initiatives delivering longer-term margin growth
  - Control over operating expenditure
  - Further shift to lower cost manufacturing
  - Benefit from higher margin acquisitions

	FY 2009 £m	FY 2010 £m	FY 2011 £m	FY 2012 £m	FY 2013 £m
Revenue	315.1	309.6	351.0	345.3	315.4
Operating profit*	24.5	27.7	34.5	39.3	39.5
Operating margin*	7.8%	8.9%	9.8%	11.4%	12.5%



** Before restructuring costs and charges associated with acquired businesses in 2013, 2012 and 2011; and before significant items in 2010 and 2009.*

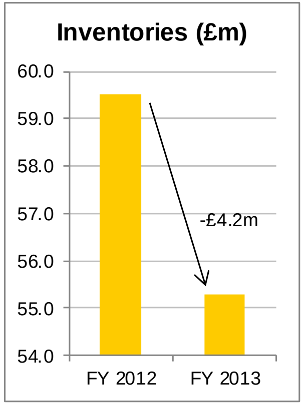
Working capital overview

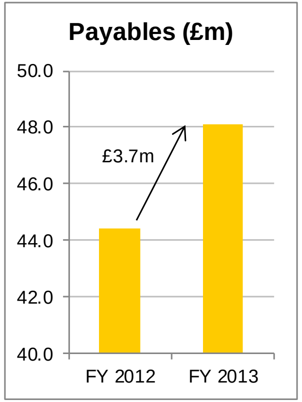
Movement in Working Capital *

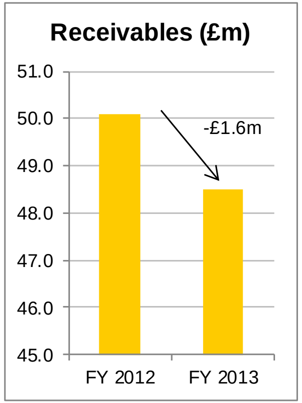
	FY 2013 £m	FY 2012 £m	Δ £m
Decrease / (increase) in inventories*	4.0	1.3	2.7
Decrease / (increase) in receivables	1.8	(4.4)	6.2
(Decrease) / increase in payables*	2.8	(11.8)	14.6
Total *	**8.6**	**(14.9)**	**23.5**

Gross Trade Receivables - Days Overdue**

	YE 2013 £m	YE 2012 £m	Δ £m
Current	30.2	32.4	-2.2
1-30 Days	5.8	6.6	-0.8
31-60 Days	1.2	1.6	-0.4
> 60 days	1.8	1.2	+0.6
Total	**39.0**	**41.8**	**-2.8**







** Before restructuring costs*

*** Days overdue are measured from date an invoice was due to be paid.*

Borrowings

- Revolving credit loan facility of £100m negotiated in July 2012
  - Committed until July 2017 with 5 relationship banks
  - Margin at 187 bps over LIBOR
  - Significant covenant headroom
  - Average income statement charge of borrowing 4.4% of utilised facility
- Private Placement shelf facility established in 2011
  - $50m drawn down at Dec 2013 (Dec 2012: $50m)
  - Blended interest rate of 4.77%
- Dec 2013 Net Debt of £61.5m (Dec 2012: £63.7m)
  - Net Debt to EBITDA ratio of 1.1x (Dec 2012: 1.2x)

GAAP reconciliation: Profit before tax and earnings per share (EPS)

	2013 £m	2012 £m	Δ £m
Profit before tax*	35.6	36.2	(0.6)
Restructuring costs [1]	(11.4)	-	(11.4)
Charges associated with acquired businesses:			
Amortisation of acquired intangibles	(2.6)	(3.6)	1.0
Contingent consideration since date of acquisition [2]	(0.8)	(1.0)	0.2
Transaction costs relating to acquisitions [3]	(0.4)	(0.3)	(0.1)
Impairment of goodwill [4]	-	(8.8)	8.8
Disposal of business	-	(6.4)	6.4
Profit before tax	**20.4**	**16.1**	**4.3**

	2013 £m	2012 £m	Δ £m
Profit after tax*	24.6	24.3	0.3
Restructuring costs and charges associated with acquired businesses	(15.2)	(13.7)	(1.5)
Tax on restructuring costs and charges associated with acquired businesses	4.6	1.3	3.3
Disposal of business	-	(6.4)	6.4
Tax on disposal of business	-	0.4	(0.4)
Profit after tax	**14.0**	**5.9**	**8.1**
Weighted average number of shares ('000)	43,869	43,520	
Adjusted EPS * (pence)	56.1	55.8	0.3
Basic EPS (pence)	**31.9**	**13.6**	**18.3**

** Before restructuring costs, charges associated with acquired businesses and disposal of business.*

(1) Restructuring costs of £11.4m relate to the Group streamlining certain operations by downsizing selected activities in the UK, Israel and US and expanding its manufacturing capabilities in Costa Rica to further shift to lower cost manufacturing.

(2) A contingent consideration of £0.8 million has been provided for at 31 December 2013 in respect of a prior period acquisition (Haigh-Farr).

(3) £0.4 million transaction costs were incurred in relation to the acquisition of Teradek in August 2013. (2012: £0.3m in relation to the acquisition of Camera Corps).

(4) In 2012 the annual impairment review of goodwill led to a charge of £8.8 million relating to the goodwill of the IMT business, in the Videocom Division.

Foreign exchange update

Year on year effect on operating profit	£/$	€/$	£/€	Translation £m	Transaction £m	Total £m
Average FY03	1.63	1.13	1.45	1.2	(2.3)	(1.1)
Average FY04	1.82	1.24	1.47	(0.9)	(3.9)	(4.8)
Average FY05	1.82	1.24	1.46	0.1	(1.0)	(0.9)
Average FY06	1.84	1.25	1.47	(0.2)	(0.5)	(0.7)
Average FY07	2.00	1.37	1.47	(1.3)	(2.4)	(3.7)
Average FY08	1.85	1.46	1.26	3.8	(1.7)	2.1
Average FY09	1.56	1.40	1.12	6.6	3.9	10.5
Average FY10	1.55	1.33	1.17	(0.3)	2.0	1.7
Average FY11	1.60	1.39	1.15	(0.3)	0.8	0.5
Average FY12	1.58	1.29	1.23	(0.5)	0.1	(0.4)
Average FY13	1.56	1.33	1.17	0.7	(0.2)	0.5

Negatives indicate an adverse effect

Videocom – Broadcast products

* From Top left to bottom right. Viten: Vector 750i, Quattro L, Vector 430, Vector 950E. Vinten Radamec: Fusion FPH, Robotics Controls. Autoscript: Prompter; Litepanels: 1x1, OConnor: 25l Carbon fiber tripod, Ultimate 2060 HD Fluid Head 2, 2065-2, Sachtler: Fluid Head, Ace 75/2 CF; Petrol: Airflow Bag, Backpack. Anton Bauer; Dionic

Videocom – Broadcast products – New Products

** From top left to bottom right: Petrol mini hood for Canon C300/C500. Sachtler: ACE L Fluid Head. Autoscript: Clockplus-E. Vinten Radamec: CI-1 (VRC controller). Anton Bauer: Gold Spectrum RF. Litepanels: 1x1 LS Bi-colour; 1x1 LS Traveller Kit; Sola and Inca 12-12". Vinten: Vision Blue 3.*

Imaging products

** From top left to bottom right: Manfrotto 500 Series Tripod, Lino Bag, Top Lock, 290 Series Tripod. Sympla Lens Change. Gitzo: Ocean Tripod, Arca Head. Lastolite: TriGrip. Kata: Prism. Avenger: Light Control*

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Imaging products – New Products

Manfrotto
Imagine More

190

KLYP+

SPECTRA

Manfrotto
Imagine More

befree

PIXI
THE ONLY MINI TRIPOD
THAT FOLLOWS YOUR INCLINATION.

VITEC
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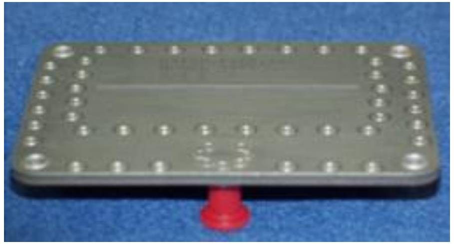
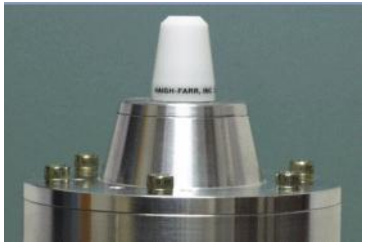
** From top left to bottom right: Manfrotto: 190, KLYP+, Spectra flash range, "Professional" Bag, "Advance" Bag Pocket, BeFree and PIXI.*

Videocom – MAG products





** From top left to bottom right: IMT Drop Cam & MobilCMDR, RF Central 2 GHZ Microlite Kit, RF Central Microlite Clip on Camera, Flexislot Antenna, Wraparound Antenna, Button Antenna and Blade Antenna.*

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Capture the moment™