The Vitec Group plc
2012 Half Year Results

- **Stephen Bird,** Group Chief Executive
- **Paul Hayes,** Group Finance Director

- 22 August 2012

Continued growth in profit and margins

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Agenda

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

Highlights

> **Stephen Bird,** Group Chief Executive

Highlights

- 21.2% increase in operating profit* and 160 bps increase in margin to 10.7%
- Sales into Broadcast & Video markets continue to grow
- Photographic business makes further market share gains
- MAG performing in-line with expectations; successful integration of Haigh-Farr
- Acquisition of Camera Corps to complement our Broadcast activities
- Disposal of the loss-making Staging business post half-year end
- New five year £100 million revolving credit facility in place
- Interim dividend increased 6.3% to 8.5 pence per share

Before charges associated with acquired businesses

Financial Review

- **Paul Hayes,** Group Finance Director

Income statement

	H1 2012 £m	H1 2011 £m	Δ %	Δ Organic CER ** %
Revenue	176.5	171.8	2.7%	0.7%
Gross profit	76.0	72.0	5.6%	
Gross margin %	*43.1%*	*41.9%*	*+120 bps*	
Operating profit *	18.9	15.6	21.2%	9.3%
*Operating margin % **	*10.7%*	*9.1%*	*+160 bps*	
Net finance expense*	(1.4)	(0.4)	n/a	
PBT *	17.5	15.2	15.1%	6.8%
Adjusted EPS *	27.0p	23.6p	14.4%	5.7%
Dividend per share	8.5p	8.0p	6.3%	

* *Before charges associated with acquired businesses*

** *Organic CER: at Constant Exchange Rates excluding year on year effect of acquisitions*

- Revenue growth in Broadcast & Video and Photography more than offsetting poor Staging and lower Auction 66 sales
- Improvement in gross margins and good control of expenses
- Operating margin* increased by 160bps to 10.7%
- Net finance expense reflects acquisitions funded by $50 million private placement
- PBT* up 15.1% to £17.5m
- Adjusted EPS* up 14.4% to 27.0p
- Interim dividend increased by 6.3%

Operating Profit increased in all three Divisions

	Revenue			Operating Profit*			Operating Margin*		
	H1 2012 £m	H1 2011 £m	Δ £m	H1 2012 £m	H1 2011 £m	Δ £m	H1 2012 %	H1 2011 %	Δ % pts
Videocom	74.0	65.9	+8.1	8.4	6.0	+2.4	11.4%	9.1%	+2.3
Imaging & Staging	88.6	91.7	-3.1	10.4	9.6	+0.8	11.7%	10.5%	+1.2
Services	13.9	14.2	-0.3	0.1	-	+0.1	0.7%	-	+0.7
	176.5	**171.8**	**+4.7**	**18.9**	**15.6**	**+3.3**	**10.7%**	**9.1%**	**+1.6**

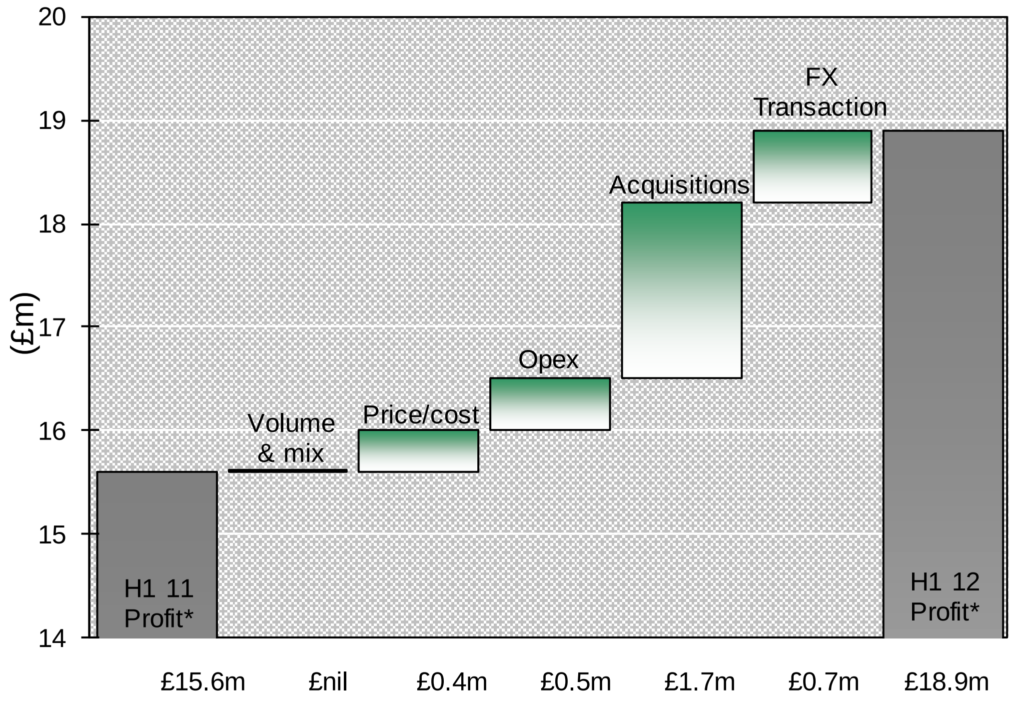
** Before charges associated with acquired businesses*

Videocom
- > Sales growth in Broadcast & Video with additional benefit of Haigh-Farr and Camera Corps acquisitions
- > $7.6m (£4.7m) of Auction 66 sales in prior year not repeated

Imaging & Staging
- > 3.8% organic growth in photographic sales
- > Staging sales down £3.2m to £7.0m and losses of £0.5m (H1 11: £nil)

Services
- > Focus on higher margin projects

Operating profit bridge



** Operating profit before charges associated with acquired businesses*

- Flat volume and mix reflects higher broadcast and photographic sales offsetting a weak Staging performance and Auction 66 in the prior year
- Price increases more than offset higher commodity costs
- Operating expenses under control; cost savings in IMT and Staging
- R&D was maintained at 3.6% sales (H1 2011: 3.8%)
- Acquisitions include Lastolite, Haigh-Farr and 12 weeks of Camera Corps
- Favourable £0.7m total impact from FX year-on-year

Cash generated from operations

	H1 2012 £m	H1 2011 £m	Δ £m
Operating profit *	18.9	15.6	3.3
Depreciation **	7.0	7.5	(0.5)
Working Capital ***	(16.8)	(13.0)	(3.8)
Restructuring costs	(0.3)	(0.4)	0.1
UK pension funding	-	(0.6)	0.6
Provisions *** / Other	0.1	(1.2)	1.3
Cash generated from operations	8.9	7.9	1.0

- Continued focus on working capital with investment to support sales growth in broadcast and photographic
- Inventory increased by £6.9m (H1 2011 increase: £9.6m) to support annual factory shutdowns
- Trade receivables £8.5m higher (H1 2011: £6.9m) reflect sales activity, including the Olympics, partly offset by ageing improvement

* *Operating profit before charges associated with acquired businesses*

** *Includes depreciation and amortisation of capitalised software and development costs*

*** *Change in working capital and provisions before restructuring costs and UK pension funding.*

Free cash flow

	H1 2012 £m	H1 2011 £m	Δ £m
Cash generated from operations	8.9	7.9	1.0
Capital expenditure	(8.3)	(6.6)	(1.7)
Capitalised development costs	(0.3)	(0.1)	(0.2)
Proceeds from asset sales	0.5	1.4	(0.9)
Net interest paid	(1.3)	(0.6)	(0.7)
Net tax paid	(2.1)	(2.3)	0.2
Free cash flow	(2.6)	(0.3)	(2.3)

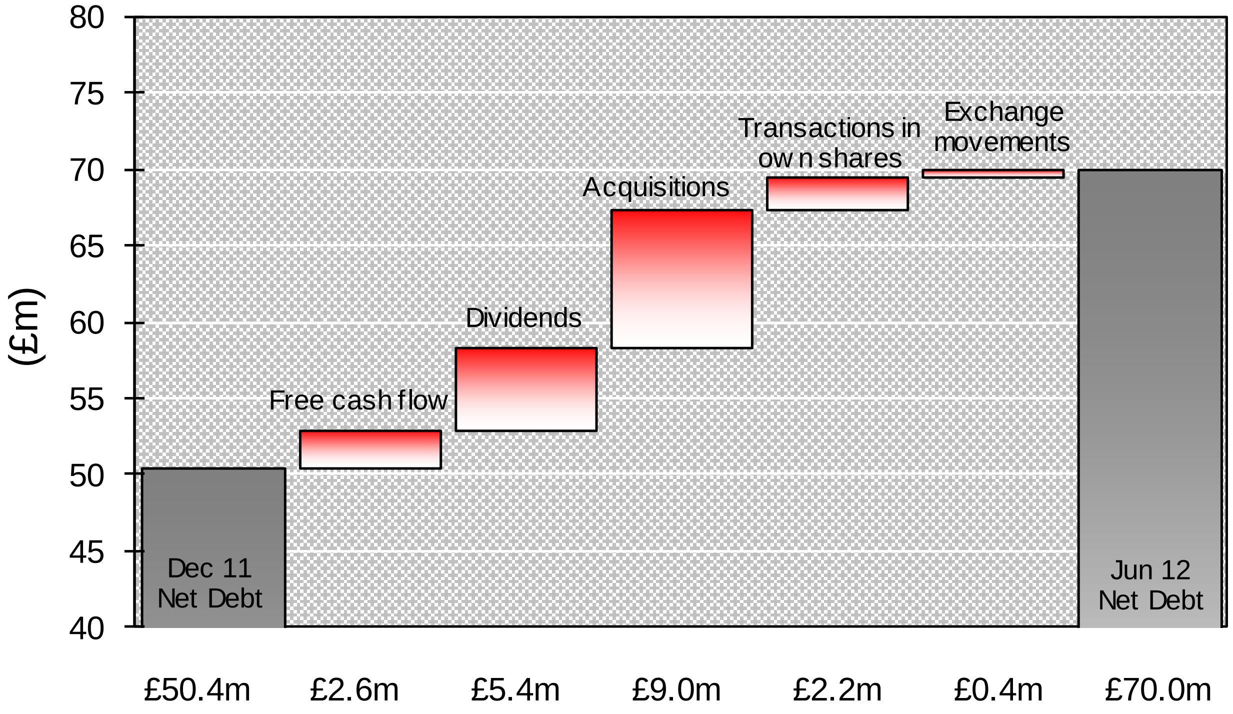
> Increase in capital expenditure is primarily in Services to support the London 2012 Olympics

> Continued investment in innovation with £0.3m of development costs capitalised at Videocom

> Proceeds on asset sales included a one-off disposal of a vacant property last year

> Higher net interest paid due to an increase in borrowings to fund acquisitions

Net debt bridge



- Acquisitions related outflows consist of £7.6m for Camera Corps, £0.6m deferred consideration for Haigh-Farr, £0.5m earnout for Lastolite and £0.3m of transaction costs
- Transactions in own shares reflect employee benefit obligations
- Net debt to EBITDA of 1.3x (Dec 2011: 1.0x)
- Significant headroom against banking covenants
- New five year £100m syndicated loan facility with relationship banks expiring in July 2017

Other financial points

- Tax – Effective tax rate
  - 33% headline charge (FY 11: 33%)
  - FY 12 guidance: 33%
- Amortisation of acquired intangibles
  - Acquired intangibles balance at 30 June 2012 was £14.4m (31 Dec 2011: £12.9m) comprising £2.4m for Lastolite, £9.4m for Haigh-Farr and £2.6m for Camera Corps. Intangibles relating to all previous acquisitions have been fully amortised
  - £2.0m will be amortised in H2 2012 and thereafter the rest is to be amortised over 6 years on average
- Factors affecting net debt
  - The disposal of the Staging business will cause a net cash outflow of £2.1m post half-year end
  - Approximately £4.0m of own shares are expected to be purchased to satisfy employee benefit plan obligations in H2
  - Final Litepanels earnout of £1.5m and a net £0.3m final payment on Camera Corps was paid in July
  - There will be a charge of up to £1.6m in 2012 and a similar amount in 2013 relating to deferred consideration on Haigh-Farr depending on performance

Financial Review: Summary

- Strong performance in H1 2012
- Core business continues to grow
- Acquisitions are performing in line with expectations
- Successful disposal of non-core Staging business
- Strong balance sheet

Strategic & Operational Review

> **Stephen Bird,** Group Chief Executive

Market conditions and update

- Broadcast & Video market remains strong
  - Benefit continues from more diverse use of video capture, investments by broadcasters and technology drivers
  - Demand in first half remained strong particularly in Asia
  - Benefit of London 2012 Olympics
- Photographic market benefits from new camera shipments
  - Slower start to the year due to disruption in supply of new DSLR cameras from the Far East
  - CIPA data shows growth in shipment of new DSLR cameras during the half year
  - Powerbrand products performing well with market share gains
- MAG market offers good longer term prospects
  - Intelligence, surveillance and reconnaissance sector is an attractive niche market
  - Further success in unmanned vehicles market
  - Integration of Haigh-Farr complete and business performing well and bringing leading antenna technology to the Group

Videocom

Broadcast & Video market remains strong

	H1 2012 £m	H1 2011 £m	Δ %	Δ Organic CER ** %
Revenue	74.0	65.9	12.3%	2.9%
Operating profit *	8.4	6.0	40.0%	9.4%
Operating margin % *	11.4%	9.1%	2.3 pts	0.6 pts

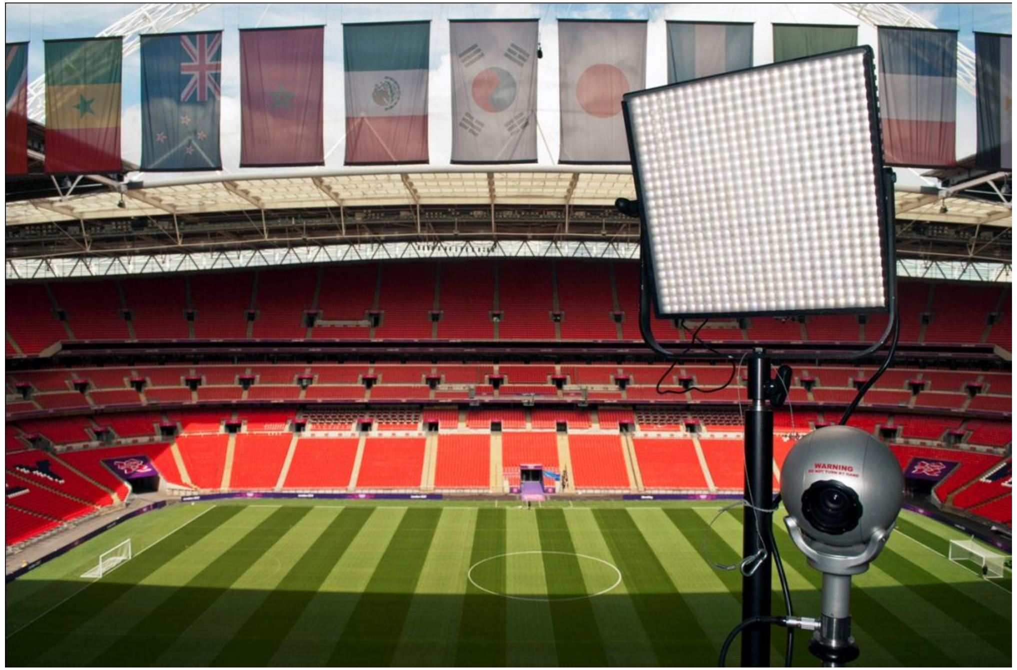
* *Operating profit before charges associated with acquired businesses*

** *Organic CER: at Constant Exchange Rates excluding year on year effect of acquisitions*

Litepanels and Autoscript at Nova TV

- Good growth in camera supports sales particularly in the Asia Pacific region
- Sales growth of Sachtler Ace
- Anton/Bauer batteries sales to the medical market grew strongly
- IMT makes progress in broadcast and US law enforcement agencies
- Auction 66 in prior year with sales of $7.6m (£4.7m)
- Haigh-Farr integrated and we are leveraging technical and commercial expertise
- Acquisition of Camera Corps in April 2012 will complement our broadcast activities

Camera Corps: Acquired for £8.0m in April 2012



- World leading provider of speciality remote camera systems
- Bespoke camera systems including the Q-Ball and DS-1 Digital Stills Head
- Existing senior management, including the founder, have remained with the business
- Strong performance in UEFA football championships and London 2012 Olympics
- Good progress on business integration into Videocom

Third party cameras customised to provide end-to-end solution to capture exceptional images

Q-Ball

DS-1 Digital Stills Head

Imaging & Staging

Photographic market benefits from new camera shipments

	H1 2012 £m	H1 2011 £m	∆ %	∆ Organic CER ** %
Revenue	88.6	91.7	(3.4%)	(0.2%)
Operating profit *	10.4	9.6	8.3%	8.1%
Operating margin % *	11.7%	10.5%	1.2 pts	0.9 pts

Operating profit before charges associated with acquired businesses

Organic CER: at Constant Exchange Rates excluding year on year effect of acquisition

> Imaging sales increased by 3.8% in organic terms at constant exchange rates

> Ceased distribution of some non-core third-party branded products

> Manfrotto Powerbrand grew sales in H1 2012

> Continuing to gain market share

> Staging experienced weak markets

> Post half year-end disposal of Staging business

Manfrotto Powerbrand

Disposal of the Staging business

- A low-margin, commoditised business with no synergies with our other activities
- Loss-making although management attention had reduced losses in recent years
- H1 2012 loss of £0.5m (H1 2011: £nil) from sales of £7.0m (H1 2011: £10.2m)
- Successful exit from the business with £2.1m cash outflow
- The disposal allows Vitec to concentrate on core activities

Services

Services will benefit from major sporting events

	H1 2012 £m	H1 2011 £m	Δ %	Δ CER* %
Revenue	13.9	14.2	(2.1%)	(4.1%)
Operating profit	0.1	0.0	n/m	n/m
Operating margin %	0.7%	0.0%	0.7 pts	0.7 pts

** CER: at Constant Exchange Rates*

> Contract wins for major reality TV shows: Hell's Kitchen, The Glass House

> Three year contract with the US college football league

> Focus on larger customers and events

> Supported the London 2012 Olympics

> Important role in driving sales of other divisions' products

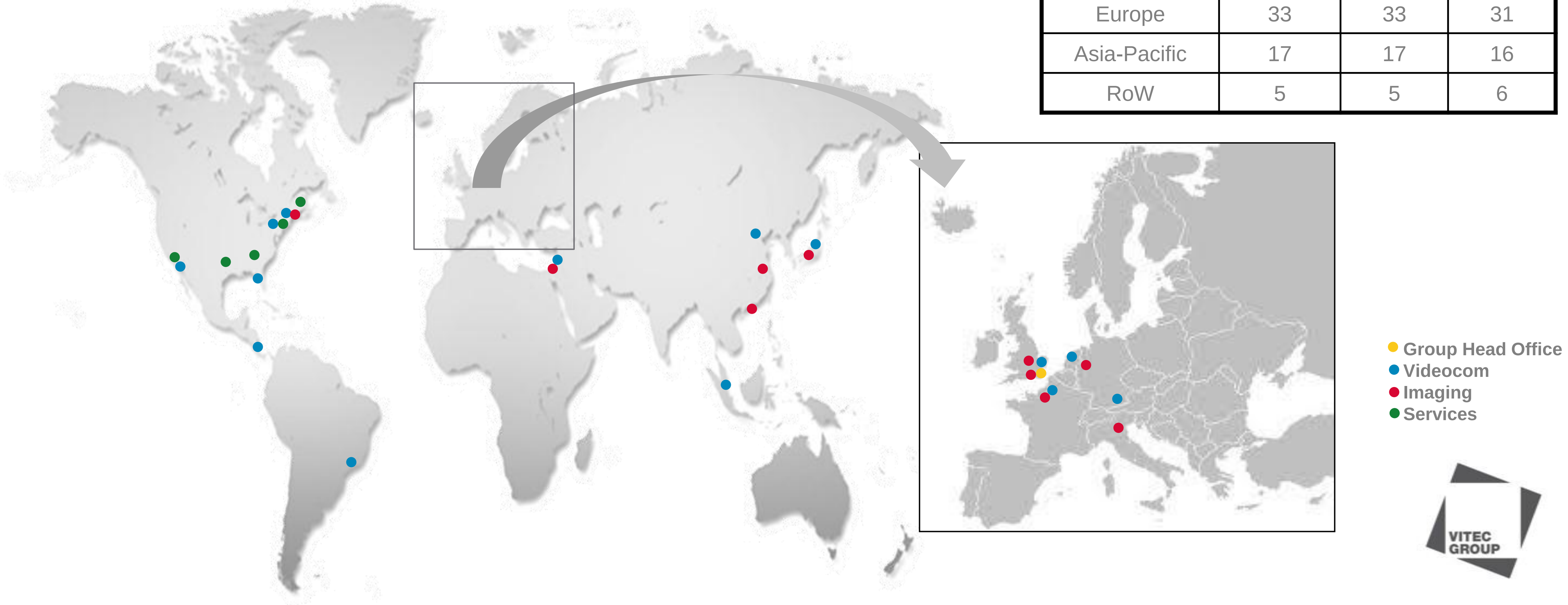
Bexel 3D

bexel

Geographic reach

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

Destination	% of revenue		
	HY 2012	*FY 2011*	*FY 2010*
N America	45	45	47
Europe	33	33	31
Asia-Pacific	17	17	16
RoW	5	5	6



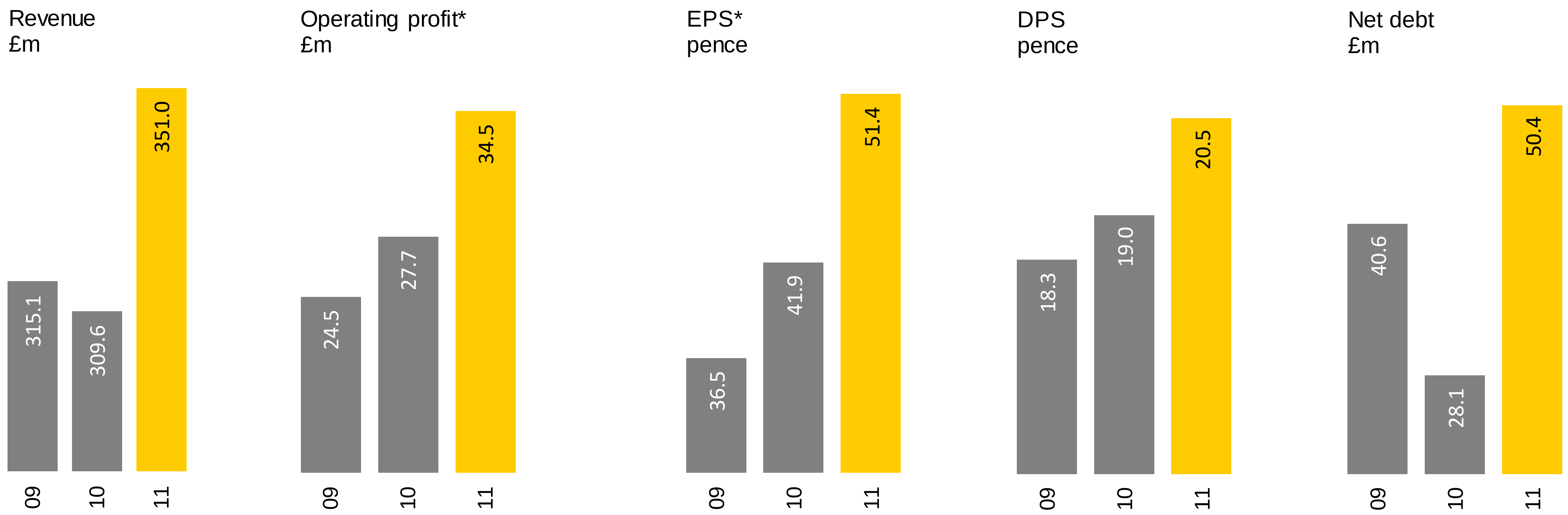
Summary and outlook

- The strategy is clear and unchanged and we continue to make good progress
- We have delivered profitable growth across the businesses
- Our recent acquisitions complement our activities and are performing well
- We have successfully exited from our non-core staging activities
- Although the macroeconomic environment remains uncertain and our order book visibility limited, the Board’s expectations for the full year remain unchanged

Questions

Appendices

Key financial measures – Full year



* Before charges associated with acquired businesses in 2010 and 2011; before significant items in 2009

Three market strategy

Broadcast & Video £750m

- Continue to invest in LED lighting
- Expected growth rate: 7%

Photographic £830m

- Executing on Manfrotto Powerbrand strategy to expand product range and appeal to wider audience
- Expected growth rate: 5%

MAG £400m

- Grow IMT organically and via acquisition
- Expected growth rate: 5%

*Management best estimates, market size as of 2011, market CAGR for 2011-14;

Vitec at a glance

Videocom

Premium Broadcast Equipment — *Supports, LED Lighting, Mobile Power, Bags, Prompters*

Integrated Microwave Solutions (MAG) — *Video Transmission Devices*

	FY 2011
Revenue	**£136.2m**
Operating Profit*	**£12.7m**
Operating Margin* %	**9.3%**

Imaging

Premium Photographic Equipment — *Supports, Bags, LED Lighting & Lighting Accessories*

	FY 2011‡
Revenue	**£183.2m**
Operating Profit*	**£21.2m**
Operating Margin* %	**11.6%**

Services

Broadcast Production Support — *Events, Equipment & System Rentals, Speciality services, Product Ambassador*

	FY 2011
Revenue	**£31.6m**
Operating Profit	**£0.6m**
Operating Margin %	**1.9%**

* Before charges associated with acquired businesses   ** Under licence

‡ Includes Staging which was disposed in H2 2012

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 ▸ Margin improvement in lower margin businesses
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) ▸ Disciplined working capital management
Strong Cash-flow	▸ Focus on cash generation ▸ Dividend previously held now increasing

There is potential to improve Group margins

- Targeting the medium term improvement in Group margins through:
  - The benefit of maturing sales initiatives delivering longer-term margin growth
  - Addressing the performance of lower margin businesses
  - Control over operating expenditure
  - Benefit from higher margin acquisitions

	HY 2010 £m	HY 2011 £m	HY 2012 £m	FY 2009 £m	FY 2010 £m	FY 2011 £m
Revenue	152.5	171.8	176.5	315.1	309.6	351.0
Operating profit*	13.2	15.6	18.9	24.5	27.7	34.5
Operating margin*	8.7%	9.1%	10.7%	7.8%	8.9%	9.8%

* Before charges associated with acquired businesses in 2010 and 2011; before significant items in 2009

Borrowings

- Revolving credit loan facility of £100m negotiated post half year-end
    - Committed until July 2017
    - 5 banks
    - Margin at 200 bps over LIBOR
    - Significant covenant headroom
- $75m Private Placement shelf facility established in 2011 to fund potential acquisitions
- $50m drawn down at June 2012 (Dec 2011: $50m)
    - Blended interest rate of 4.77%
- June 2012 Net Debt of £70.0m (Dec 2011: £50.4m)
    - Net Debt to EBITDA ratio of 1.3x (Dec 2011: 1.0x)

Foreign exchange update

Year on year effect on 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 H109	1.49	1.34	1.11	4.8	2.0	6.8
Average H110	1.53	1.33	1.15	(0.3)	1.8	1.5
Average H111	1.61	1.40	1.15	(0.3)	(0.7)	(1.0)
Average H112	1.58	1.30	1.21	0.0	0.7	0.7

Negatives indicate an adverse effect

Videocom – Broadcast products

autoscript
www.autoscript.tv

Vinten

sachtler

LITE PANELS

antonbauer

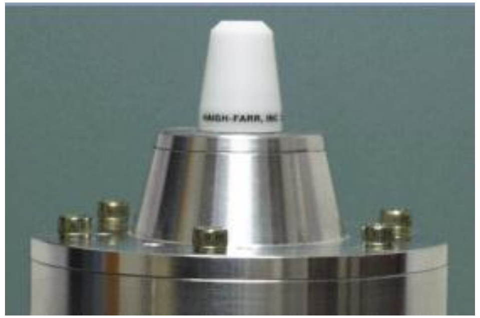
PETROL BAGS

CAMERA CORPS

VITEC GROUP

Videocom – MAG products

IMT
INTEGRATED MICROWAVE TECHNOLOGIES



HAIGH-FARR INC.

Imaging products

KATA

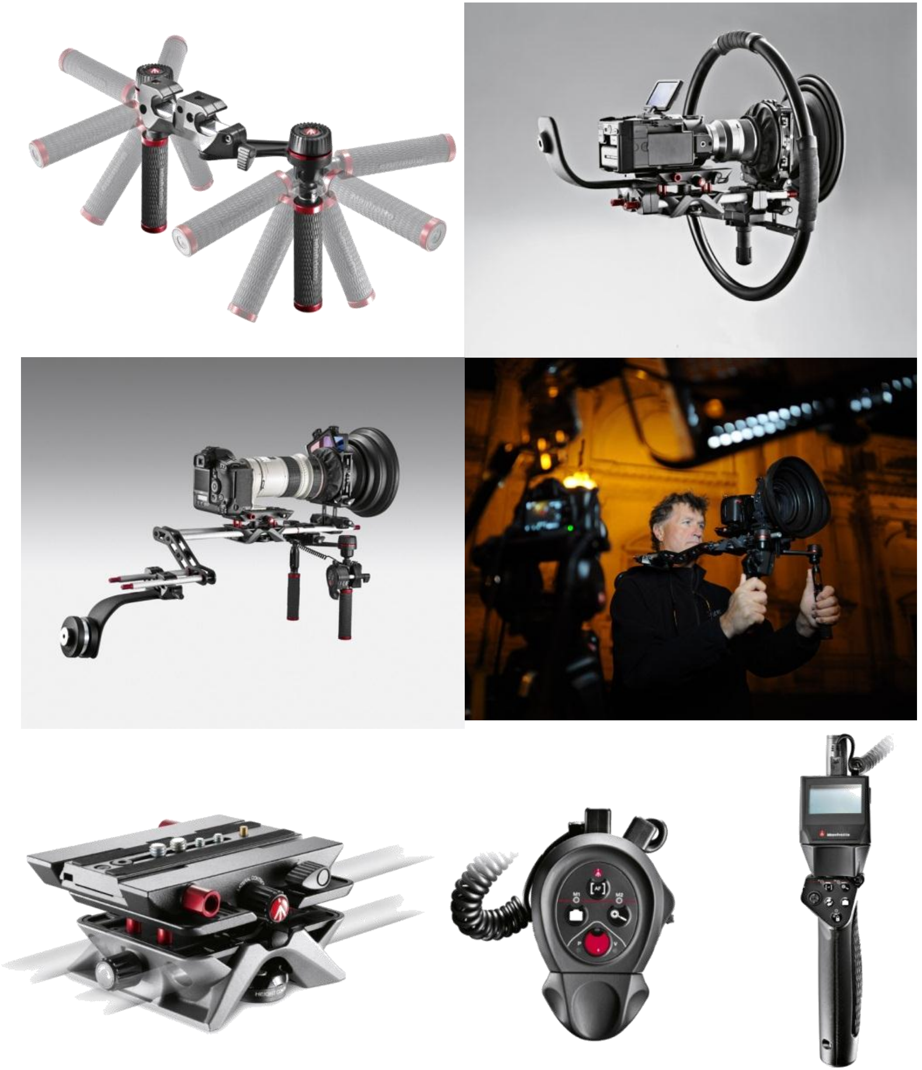
Lastolite™

SYMPLA™
SYSTEM MOVING PLATFORM

Manfrotto
Imagine More

VITEC GROUP

Manfrotto Sympla video equipment



- Video equipment is becoming lighter and more compact
- Sympla is a range of products that supports and controls this equipment without losing stability
- The videographer can shoot from any angle even under challenging light conditions
- Sympla was launched in 2011 and is performing well

VITEC GROUP

Capture the moment™