

VITEC PRODUCTION SOLUTIONS

Operational review

The Production Solutions Division designs, manufactures and distributes premium branded and technically advanced products and solutions for broadcasters, film and video production companies, ICCs and enterprises. Products include video heads, tripods, LED lighting, batteries, prompts and robotic camera systems. It also supplies premium services including equipment rental and technical solutions.

Revenue

£80.1m

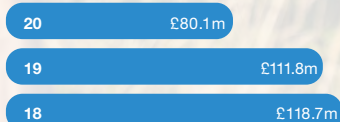
↓ Down 28.4%

Adjusted operating profit*

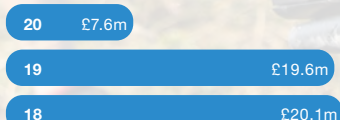
£7.6m

↓ Down 61.2%

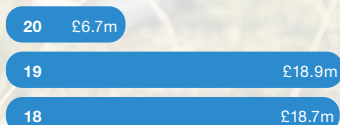
Revenue



Adjusted operating profit*



Statutory operating profit



* For Production Solutions, before charges associated with acquisition of businesses and other adjusting items of £0.9m (2019: £0.7m).





Working closely with our customers, we are advancing production technology for broadcasters, cinematographers and content creators, enabling them to improve workflows and expand their creativity.

Nicola Dal Toso
Divisional Chief Executive, Vitec Production Solutions



Addressable market

Pre-pandemic, we estimated that the broadcast market for products and services supplied by Vitec’s Production Solutions Division was worth around £0.4bn annually and was broadly flat. During the pandemic, we believe the market temporarily reduced but that it is recovering. Vitec is well positioned due to its broad geographical reach and premium products. We have a global sales team that offers a full range of products and services to our customers all over the world, either directly or via distributors, both online and in stores.

Market position

Vitec is the market leader in most of its product categories, providing leading products through our brands to the broadcast, cinema and video production markets, as well as to ICCs.

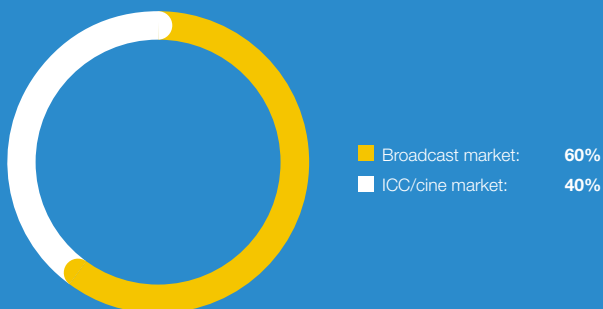
Operational review

We expect a strong recovery in Production Solutions and are focusing on products for on-location news and rescheduled sporting events, as well as robotics and voice-activated prompting to enable safe distancing in studios.

In February 2021, Nicola Dal Toso succeeded Alan Hollis as Divisional Chief Executive of Vitec Production Solutions. After five years with the Company, Alan Hollis decided to step back from the day-to-day management of the Division. Alan has done a tremendous job rebuilding Production Solutions through a period of significant change and is working with Nicola as he transitions into the role.

Nicola has been with Vitec for six years, most recently as Chief Operating Officer for Imaging Solutions, with additional responsibility for Syrp gimbals and sliders, and developing audio products under the JOBY and Rycote brands. Nicola’s promotion

Target audience



Our brands

| Product category | Brand | Market position† |
|---------------------------------|-------------------------------|------------------|
| Supports | OConnor Sachtler Vinten | 1 |
| Prompters | Autocue Autoscript | 1 |
| Lighting | Litepanels | 2 |
| Mobile power | Anton/Bauer | 1 |
| Robotic camera systems | Camera Corps Vinten | 2 |
| Distribution, rental & services | Camera Corps TCS | 1 |

† Management estimates by sales value in the market segments in which these products are sold.

Vitec Production Solutions (continued)



Operational review (continued)

demonstrates Vitec's commitment to developing our internal talent to ensure that we have a strong leadership pipeline for the future.

Production Solutions' revenue decreased by 28% to £80.1 million. This was driven by the slowdown in broadcast, feature film and scripted TV production and on-location news, as well as the postponement of live sporting events. Revenue in H2 declined by 16% at constant currency compared with 2020 as broadcast started to reopen, although the recovery in scripted TV has been slower than in other segments.

There were two significant new products in H2 2020. Voice-activated prompting, developed by Autoscript, enables and helps broadcasters adapt to social distancing and began shipping in H2, with a full launch to come in 2021. The new generation Sachtler aktiv fluid heads, launched in October, allow camera operators to mount, level and lock the head in seconds and to switch quickly from tripod, slider or hand-held shots in an instant to capture the widest range of shots in the shortest time. These have seen strong sales in the first few months (1,000 systems ordered within three weeks of launch). October also saw Turner Sports use the Basecam, developed by Camera Corps, to show previously unseen camera angles from Major League Baseball.

Production Solutions continues to drive operational efficiencies and completed the transition to the same third party logistics provider in the US as used by Imaging Solutions, which delivered £0.6 million of savings in 2020. In November, a restructuring project was completed costing £0.9 million but is expected to deliver £1.7 million of annualised savings in 2021.

Adjusted operating profit* decreased to £7.6 million, driven by lower volumes, partly offset by the mitigating actions taken (2019: £19.6 million). Adjusted operating margin* decreased to 9.5%.

Statutory operating profit was £6.7 million (2019: £18.9 million), which included £0.9 million of adjusting items (2019: £0.7 million).



Case studies

Sachtler reinvents the tripod head

In October 2020, Sachtler launched the revolutionary aktiv fluid head which incorporates unique SpeedLevel and SpeedSwap technology. This allows camera operators to mount, level and lock the head using a single lever, enabling them to switch quickly from tripod to slider or hand-held shots. Together with Sachtler's award-winning carbon fibre flowtech tripod, aktiv enables camera operators to capture the widest range of shots in the shortest time. Customer feedback has been exceptional, with over 1,000 systems ordered within three weeks of launch.

Anton/Bauer comprehensive range upgrade powers space architects

In 2020, Anton/Bauer announced the largest ever expansion of its battery range to include smaller and slimmer batteries ideal for monitors, follow focus and on-camera lighting, as well as pure power batteries designed for high-performance cine lights and specialist cameras.

To secure a contract to design the lunar habitat, award-winning Danish Space Architects – Sebastian Aristotelis and Karl-Johan Sorensen – lived in their LUNARK habitat in Arctic Greenland for 100 days to test the extreme living conditions they would experience on the moon. With temperatures of -25°C and hurricane winds they used Anton/Bauer DIONIC XT batteries and Sachtler flowtech tripods to document each step of the way for an upcoming film in collaboration with Ridley Scott Creative Group.

Litepanels Gemini brought a unique colour palette to life

Award winning Director of Photography, Jamie Cairney, used Litepanels Gemini LED lights on the set of the Netflix original series *Sex Education* to limit the environmental impact and increase flexibility. He chose the Litepanels Gemini 2x1 panel for its white light accuracy, lighting continuity between sets and locations, and the built-in power supply, meaning fewer cables, and greater flexibility and creativity.

Litepanels wins an Emmy® Award for Technology and Engineering

Litepanels won an Emmy® Award in 2020 for its pioneering engineering development and creativity in LED Lights for TV production.

Continued margin improvement

Production Solutions continued to drive underlying margin improvements in 2020. We completed the transition of our US logistics operation to a 3rd party during Q1 2020, delivering a c.£0.6 million year-on-year benefit. Supply chain optimisation through purchasing price initiatives and refinement of our supplier base delivered a further c.£0.3 million savings. The Division continues to invest in optimising processes and driving efficiencies, for example, enhancing our flowtech machine shop at our Bury St Edmunds site and increasing our in-house paint shop capability at our Costa Rica site, both of which will deliver further benefit in 2021.

The aktiv range is just incredible and means that I have no concerns about having time to get that shot – this system is so quick and so easy.

Stuart Howells
Camerman and Journalist

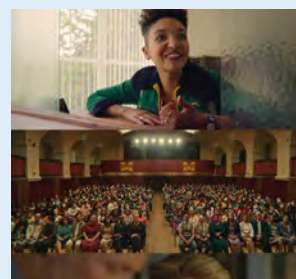


We work a lot during golden hour with a limited window to catch the best light, so we need to have gear that is fast; aktiv is perfect for this.

Mortiz Sieber
*Creative Director,
Peak Frames*

You can only bring so much equipment on these missions. We used the Anton/Bauer batteries every day. The temperature outside was -25°C, and they ran for 48 hours, incredible! They performed better than any other batteries we had.

Sebastian Aristotelis
Space Architect



Gemini addresses many of the shortcomings of LED lighting technology, specifically skin tone reproduction and working at low dimming levels. They were operated remotely using a tablet via Wi-Fi. I could zone the lighting in seconds; everyone looked great under the Gemini lighting.

Jamie Cairney
Director of Photography