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**The Vitec Group plc**

**22 September 2017**

**ACQUISITIONS**

**Acquisition of JOBY and Lowepro from DayMen Group  
Acquisition of RTMotion**

The Vitec Group plc ("Vitec" or the "Group"), the international provider of products and solutions to the Broadcast and Photographic markets, announces that on 22 September 2017 it acquired certain assets and liabilities, primarily comprising the JOBY and Lowepro brands, from the DayMen Group S.r.l. ("DayMen"), for a cash consideration of \$10.3 million (£7.6 million), on a debt/cash free basis, with an expected total investment of \$32.0 million (£23.7 million), including deal costs.

Vitec also announces that on 20 September 2017 it acquired RT Motion Systems Ltd ("RTMotion") for up to £3.4 million in cash, including deal costs. RTMotion provides wireless motor lens control systems for broadcast, cine and video cameras.

**Stephen Bird, Group Chief Executive of Vitec, commented:**

"Vitec is the natural home for JOBY and Lowepro and we know the business well. This is an opportune time to buy these high profile, high quality brands: JOBY has been growing rapidly, reflecting its success in developing innovative new products for the camera accessories market, while Lowepro represents an opportunity to improve margins through cost reductions and integration with Manfrotto, along with the potential for additional benefits as its markets improve.

"RTMotion is a high technology business which complements our existing activities and gives the Group additional high quality camera accessories for the expanding independent content creator market.

"Both of these acquisitions are an excellent strategic and technological fit, have great prospects, and the two acquisitions together are expected to materially enhance earnings per share in 2018 and beyond.

"This is an exciting time for Vitec as we continue to expand our range of innovative, new products for the fast growing image capture and sharing market, and I am delighted to welcome both teams to Vitec."

**Acquisition of JOBY and Lowepro**

This acquisition is an excellent strategic fit with Vitec's existing core activities. It gives the Group greater access to the fast growing iPhoneography and vlogging consumer accessories market, and expands its presence in the US market by adding high quality, complementary, leading brands to enhance its Photographic Division.

JOBY and Lowepro products are designed and developed in Hong Kong and California respectively. In 2006, JOBY introduced the patented GorillaPod which has transformed the

camera accessories market and, like Manfrotto, JOBY has a strong presence in Apple stores. Lowepro has been a market leader in bags designed to protect electronic and photographic devices since its inception in 1967.

In addition to leading brands, the acquisition brings product marketing resources located in California and expert engineering teams based in the Far East. Dedicated supply chain teams are located in Hong Kong and China where all products are manufactured by third parties and sold globally via independent distributors.

Vitec plans to integrate JOBY and Lowepro into its Photographic Division's existing organisational structure, under the leadership of Marco Pezzana, Photographic Divisional Chief Executive.

### **Strategic rationale for the acquisition:**

This acquisition gives the Group:

- A leading global position in the new and fast growing iPhoneography and vlogging accessories markets, as well as the photographic bags market;
- Increased visibility in the US market to become a leading distributor of premium imaging accessories;
- The potential to continue to improve the core business in the consolidated Photographic Division by
  - Leveraging the combined brand portfolio and distributor network
  - Consolidating and augmenting procurement capabilities
  - Enriching the technical capability of the expanded team;
- An expanded product development team and technical capabilities with access to new intellectual property facilitating Vitec's growth in the higher technology areas of iPhoneography and vlogging accessories with JOBY's GorillaPod;
- The opportunity to get closer to customers by consolidating the strategic relationships with Apple and online retailers such as Amazon, the leading consumer electronics retailers, B&H and other photo speciality retailers; and
- A platform to expand further in APAC and strengthen the Group's presence in China and Hong Kong through the JOBY and Lowepro supply chain teams who are based there.

### **Financial aspects of the acquisition:**

- DayMen reported unaudited results for the year to 31 March 2017 of \$73.2 million (£56.3 million) revenue with operating profit\* of \$1.4 million (£1.1 million). EBITDA was \$2.1 million (£1.6 million). Net assets were c. \$11.0 million (c. £8.8 million) at 31 March 2017 and gross assets were c. \$19.7 million (c. £15.8 million) at this date. Net assets acquired are expected to be c. \$1.2 million (c. £0.9 million);
- Vitec has acquired certain assets and liabilities of the DayMen Group S.a.r.l. including subsidiary companies in Hong Kong and China for a cash consideration of \$10.3 million (£7.6 million). This is subject to certain post-completion adjustments for changes in net assets;
- The one-off cash costs to implement the integration and deliver cost savings are expected to be approximately \$7.0 million (£5.2 million), including deal costs, and will be incurred by the end of 2018. The P&L impact of integration costs will be taken above the line;
- As we transition from a third party distribution model to utilising Vitec-owned distribution there will be an expected \$14.7 million (£10.9 million) investment in working capital;
- Pre-tax cost savings of at least \$5.0 million (£3.7 million) per annum are expected to be realised by year ending 2018, and at least \$7.0 million (£5.2 million) per annum by year ending 2019, through consolidating and simplifying the business, improving procurement and supply chain management, and leveraging Vitec's distribution platform;

- The acquisition is expected to enhance Vitec's adjusted earnings per share in FY 2018 and to be materially enhancing to Vitec's adjusted earnings per share in FY 2019. Excluding integration costs, we expect it to be neutral to adjusted earnings per share in 2017;
- ROCE is expected to be in excess of the Group's average by year ending 2018; and
- The consideration payable to DayMen will be funded from Vitec's available committed bank facilities. Proforma 30 June 2017 net debt to EBITDA would have been 0.9x following the disposal of Bexel and the acquisition of the JOBY and Lowepro brands.

### **Acquisition of RTMotion**

The acquisition of RTMotion is in line with Vitec's strategy of offering innovative and highly technical solutions to the Group's established independent content creator ("ICC") customer base, and will facilitate Vitec's growth in the higher technology area of camera accessories.

RTMotion is an excellent strategic fit with Vitec's Broadcast Division's Creative Solutions Business Unit, complementing Teradek, Wooden Camera, SmallHD, Paralinx and Offhollywood, which also design and produce high quality products mainly for ICCs.

Based in the UK, RTMotion designs and assembles wireless motor lens control systems for video cameras, selling them primarily through direct distribution and a growing reseller network, mainly targeting the ICC market.

RTMotion will become part of Vitec's Creative Solutions Business Unit. There are significant growth opportunities to sell RTMotion's products through Vitec's global sales and distributor network, and the business will benefit from Vitec's marketing, manufacturing and supply chain capabilities.

Under the terms of the acquisition, the initial cash consideration is £2.6 million on a debt/cash free basis, including deal costs and £0.5 million held in escrow. Up to a further £0.8 million cash consideration will be payable dependent on the seller meeting integration and retention targets.

### **Conference Call**

Stephen Bird, Kath Kearney-Croft, Group Finance Director, and Martin Green, Group Business Development Director will hold an analyst and investor call at 10:00am on Monday 25 September 2017, to discuss this announcement. Dial in details for the call can be obtained by contacting MHP Communications on 020 3128 8771 or [vitec@mhpcoms.com](mailto:vitec@mhpcoms.com). A copy of the presentation slides will be available on [www.vitecgroup.com](http://www.vitecgroup.com).

**-Ends-**

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**Notes:**

\* Before restructuring costs

1. ROCE (Return on Capital Employed) 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. Adjusted operating profit is before charges associated with acquisition of businesses, restructuring costs and gain on disposal of business.
2. Average foreign exchange rates in the period from 1 January to 30 June 2017: £1 = \$1.27
3. Average foreign exchange rates in 2016: £1 = \$1.35
4. Balance sheet rate at 31 March 2017: £1 = \$1.25. Estimated average foreign exchange rate for the twelve months to 31 March 2017: £1 = \$1.30
5. Nothing in this announcement should be construed as a profit forecast
6. Estimated foreign exchange rate at completion: £1 = \$1.35

**A snapshot of The Vitec Group plc**

Vitec is a leading global provider of premium branded products and solutions to the fast changing and growing “image capture and sharing” market.

Vitec's customers include broadcasters, independent content creators, photographers and enterprises, and our activities comprise: design, manufacture and distribution of high performance products and software including camera supports, wireless systems, robotic camera systems, prompters, LED lights, mobile power, monitors and bags.

We employ around 1,700 people across the world in ten different countries and are organised in two Divisions: Broadcast and Photographic.

The Vitec Group plc is listed on the London Stock Exchange with 2016 revenue of £376.2 million.

More information can be found at: [www.vitecgroup.com](http://www.vitecgroup.com).

**About DayMen Group**

Since its inception in 1981, DayMen has enjoyed an exceptional brand reputation in the photographic and consumer electronics industry as an innovative designer, marketer and distributor of high quality imaging accessories from the JOBY and Lowepro brands. Founded in 1967 by adventure photographer and outdoorsman Greg Lowe, Lowepro celebrates its 50th anniversary this year. While JOBY, formed in 2006 and acquired by DayMen in 2011, celebrates over 10 years of manufacturing and selling the breakthrough portable and flexible-leg tripod family of GorillaPods.

Headquartered in the San Francisco Bay area, DayMen has over 100 employees globally, with sales staff in the US, Canada, France, UK, Germany, Switzerland, and Hong Kong.

More information can be found at: [www.daymen.com](http://www.daymen.com)

**About RTMotion**

RTMotion was founded in Scotland, UK in 2009, before relocating operations to England in 2013 and evolving rapidly towards the release of the signature RTMotion Lens Control System MK3.1, now one of the world's most trusted and versatile LCS options. Pioneering the use of brushless motors and advanced, long-range wireless technology, RTMotion continues to invest heavily in R&D, working closely with its worldwide network of partners, rental houses and customer base of world class cinematographers and camera departments.

More information can be found at: [www.rtmotion.com](http://www.rtmotion.com)

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