

The Vitec Group plc

AGM Update

Trading in line with expectations; significant investment in on-line capabilities

The Vitec Group plc (“Vitec” or “the Group”), the international provider of premium branded products and solutions to the fast moving and growing “image capture and content creation” market, issues the following announcement ahead of its Annual General Meeting taking place later today.

Current trading

The Group’s trading for the four months ended 30 April 2019 was in line with expectations:

- Production Solutions performed strongly in a non-Olympic year, with new product launches from Litepanels lights, Anton/Bauer batteries, Autoscript prompters and Vinten robotics, targeted at both independent content creators and broadcasters.
- Creative Solutions continued to grow and has recently introduced the next generation of Teradek 4K wireless transmitters incorporating unique Amimon technology, new SmallHD monitors and integrated products which leverage the Division’s unique competitive edge. The integration of Amimon is on track and the ongoing SmallHD insurance claim is offsetting lost profit from delayed product launches resulting from the disruption last year.
- Imaging Solutions continued to outperform a challenging market through expanding into adjacent market segments and the ongoing transition to the e-commerce channel. The value of total cameras sold has remained constant since December 2015¹ and we are encouraged by the trend towards higher value Compact System Cameras where our accessories have a higher attachment rate. The integration of Syrp is complete and we have moved Rycote from Creative Solutions to Imaging Solutions where it is more aligned with our target audio customer base.

The Board’s expectations for achieving progress in 2019 are unchanged.

Investing in Imaging Solutions’ on-line capabilities

The Group announces a significant investment in its web marketing and e-tail capabilities in its Imaging Solutions Division, specifically to recruit a global team to transform its digital competencies, and to reorganise the sales and marketing network by distribution channel.

This restructuring mirrors the consolidation in Europe of major e-commerce customers and will enable the Group to take strategic advantage of further growth in the higher margin e-commerce channel. It will also support Vitec’s ambition to remain the world’s leading imaging accessories company. Over time, the changes are expected to enable revenue growth, deliver improved customer service, reduce operating costs and improve operating margins.

The total investment is expected to be c. €8.5 million (£7.5 million), to be incurred primarily in 2019 and 2020 and, given the one-off nature of the project, will be excluded from adjusted profit before tax. Savings are expected to build over time to an annual run rate of c. €3.0 million (£2.6 million) by the end of 2021.

Balance sheet

Vitec’s financial position remains strong. As highlighted at the Full Year results, cash performance for 2019 will be strongly weighted towards the second half, as a result of seasonality and further planned increases in working capital related to new product development in the first half. As a result of this investment, we now expect net debt (pre-IFRS 16) to be broadly flat year-on-year.

Board changes

As previously announced, Ian McHoul succeeds John McDonough as Chairman of the Company at the conclusion of the AGM today.

Half Year results

Vitec is scheduled to release its Half Year results announcement on Thursday 8 August 2019.

Stephen Bird, Group Chief Executive, commented:

“Following a record financial performance in 2018, Vitec continues to consolidate its position and to deliver progress.

“The investment in Imaging Solutions is an important strategic move at the right time, and will support further growth, enabling us to take advantage of retail trends towards e-commerce where we outperform the competition and enjoy higher margins.

“Whilst we remain mindful of geopolitical challenges, we are pleased to confirm that our outlook for the current year is unchanged, and H2 weighted as highlighted at the Full Year results. We expect a strong 2020, given the summer Olympics, US Presidential elections and the targeted growth initiatives already implemented.”

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Notes to Editors:

Vitec is a leading global provider of premium branded products and solutions to the fast moving and growing “image capture and content creation” 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 solutions including camera supports, camera mounted electronic accessories, robotic camera systems, prompters, LED lights, mobile power, monitors, bags, motion control and noise reduction equipment.

We employ around 1,800 people across the world in 13 different countries and are organised in three Divisions: Imaging Solutions, Production Solutions and Creative Solutions.

The Vitec Group plc is listed on the London Stock Exchange with Full Year 2018 revenue of £385.4 million.

More information can be found at: www.vitecgroup.com

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Notes:

1. Camera and Imaging Products Association data
2. Estimated foreign exchange rate: £1 = €1.14