

Creative Solutions continued

Creative Solutions develops, manufactures and distributes premium branded products and solutions for film and video production companies, ICCs, enterprises and broadcasters.

Products include wired and wireless video transmission and lens control systems, live streaming solutions, monitors and camera accessories. Creative Solutions represents c.20% of Group revenue.

Strategy

Our strategy is focused on continuing to deliver the 4K/HDR replacement cycle as well as developing innovative new technology to improve customers' productivity in the growing areas of remote monitoring, collaboration and streaming in the cine and scripted TV, high-end live production and broadcast markets.

Market position

Videndum is the market leader in Creative Solutions' two largest product categories due to its premium brands, market-leading technology and dedicated team of innovative product specialists with extensive experience in shooting both professional and amateur video content. Products are sold globally via multiple distribution channels and increasingly online via its own direct e-commerce capability and third-party platforms.

Operational review

The writers' and actors' strikes had the largest effect on Creative Solutions, as expected, where the majority of products are used in cine and scripted TV. Live production revenue was materially down as we repositioned our brand towards the higher margin, higher end of the live production market.

However, orders with RTX, a subcontractor for NASA, and Smart Video Group, our new European partner, saw sales of our Prism encoders and decoders nearly double compared to 2022. At NAB we announced the latest version of the Teradek Ranger product, our next generation licensed and unlicensed band zero delay (<1ms) wireless video transmission system for live production and broadcast applications, which drove Ranger revenue to nearly double compared to 2022.

Restructuring actions announced at the end of 2022 and limiting discretionary spend helped to mitigate the decline in revenue. In the second half of the year, production of our Wooden Camera products was transferred from the US to our Production Solutions' Costa Rican facility and the Group benefitted from cross-divisional synergies.

Adjusted operating margin* was down to 1.5% (2022: 19.2%) reflecting operating leverage on the revenue decline, partly mitigated by the cost savings, including shortened working hours.

Statutory operating loss was £58.0 million (2022: £3.3 million loss), which reflects £1.7 million of adjusting items from continuing operations (2022: £4.7 million) and a £57.1 million loss from discontinued operations (2022: £15.3 million loss) which includes £49.0 million impairment of intangible assets relating to Lightstream and Amimon.

Our brands

Market position[†] shown in brackets

Video transmission systems (#1)

→ Teradek

Monitors (#1*)

→ SmallHD

Lens control systems (#3)

→ Teradek

IP video (#3)

→ Teradek

Camera accessories (#3)

→ Wooden Camera

Target audience



■ Cine/scripted TV/ICC market: 90%
■ Enterprise market: 10%

[†] Management estimates by sales value in the market segments in which these products are sold.
^{*} In our niche.