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**The Vitec Group plc**

**9 November 2018**

**ACQUISITION OF AMIMON INC. AND TRADING UPDATE**

**Wireless video capabilities transformed by margin enhancing acquisition of Amimon**

The Vitec Group plc ("Vitec" or the "Group"), the international provider of products and solutions to the Broadcast and Photographic markets, is pleased to announce that it has acquired Amimon Inc., consisting primarily of its Israeli subsidiary Amimon Limited (together "Amimon").

It also announces that the Board's expectations for the year ending 31 December 2018 remain unchanged, with material EPS growth.

**Acquisition and integration of Amimon**

Vitec acquired Amimon on 8 November 2018 for \$55.0 million (£42.3 million) in cash, with an expected total investment of \$59.9 million (£46.1 million) on a cash / debt free basis, including employee retention, deal and integration costs. The total investment will be funded from Vitec's committed bank facilities.

Amimon designs and develops chipsets and modules for real-time wireless video transmission, primarily for professional filmmaking and high-end productions ("cine market").

Established in 2004, Amimon operates primarily from its [headquarters in San Jose, California](#), and an R&D centre in Israel, where the majority of its 60 employees are based. Dr Zvi Reznic, Amimon's Chief Technology Officer and Co-Founder, and certain other employees, have confirmed that they will remain with the company post acquisition.

Vitec will integrate Amimon into its Creative Solutions Division. Amimon brings extensive software, chipset design and electronics hardware development expertise, and opens up growth opportunities to develop innovative new products for adjacent markets. Amimon's Israel facility will primarily become an R&D centre of excellence for Creative Solutions.

**Strategic rationale for the acquisition**

The acquisition is part of Vitec's strategy to develop and grow in the wireless video market and will give Vitec access to patented core technology as well as new intellectual property.

Vitec and Amimon have had a strong customer / supplier relationship since 2012, having worked together to build a new market for professional wireless video. Amimon is the key supplier to Teradek, having developed a market-leading, exclusive and patented technology which is recognised as the industry-standard for zero delay wireless video. Amimon's technology is used in many of our Creative Solutions products, enabling very high quality, zero delay video, up to 4K resolution, to be transmitted wirelessly between cameras and monitors. This connects a director and crew to the camera in a real-time, cable-free environment, and allows fast changes on set, saving time and money.

Acquiring the core technology found within many of our Creative Solutions products will enable Vitec to become vertically integrated. This will drive growth, including the cost-effective and focused development of the next generation of highly differentiated wireless video products, enabling us to bring them to market faster. The acquisition will allow Vitec to quickly expand into the adjacent on-location sports and news market, selling wireless video products to Broadcasters and Independent Content Creators under Vitec's premium brands, using our established distribution network.

Creative Solutions will also be able to strengthen its position in the cine market by capitalising on the next generation of wireless video products and get closer to camera manufacturers through Amimon's direct relationships.

**Financial aspects of the acquisition**

Amimon reported consolidated audited results for the year to 31 December 2017 of \$18.6 million (£14.4 million) revenue and reported an operating loss of \$0.7 million (£0.5 million). Gross assets were \$10.5 million (£7.8 million) at 31 December 2017. For the nine months to September 2018, revenue was \$13.4 million (£9.9 million) and EBITDA was \$0.8 million (£0.6 million).

The financial impact of the acquisition includes:

- Vitec is uniquely placed to access cost synergies across the Creative Solutions Division and Amimon, primarily in administration, sales and marketing and through aligning the R&D

roadmaps to focus on growing markets;

- Post-acquisition, Amimon's revenue will reduce significantly to reflect intra-Group sales;
- Creative Solutions is expected to increase EBITDA by \$4.0 million (£3.1 million) in 2019, \$7.5 million (£5.8 million) in 2020 and \$9.0 million (£6.9 million) in 2021 with Amimon under Vitec's ownership;
- The return on investment is expected to exceed Group WACC from 2020 onwards;
- Proforma 2018 year end net debt to EBITDA is expected to increase to 1.4x.

The acquisition accelerates the Group's stated objective to achieve mid-teen adjusted operating profit margins and is expected to enhance adjusted earnings per share from 2019.

The Group has increased its committed bank facilities by £25.0 million.

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

*"Vitec is the natural home for Amimon and I am really delighted to welcome this talented team of engineers to the Group. They bring exclusive software and hardware expertise that will add real value to our customers and our shareholders.*

*"Amimon is the technology of choice for wireless equipment used in the cine market. This acquisition opens up the exciting opportunity for Vitec to drive growth by taking wireless technology into adjacent markets, developing innovative new products to give our customers greater flexibility in image capture and content creation.*

*"We know the business well, use their technology in our market-leading Teradek and SmallHD products, and we are uniquely placed to access cost synergies through integration with our existing capabilities. As well as accelerating the Group's stated objective to achieve mid-teen operating margins, the acquisition is expected to enhance earnings per share from 2019."*

**Trading update**

The Board's expectations for the year ending 31 December 2018 remain unchanged, with material EPS growth combined with good cash generation.

- In Imaging Solutions, the Joby and Lowepro brands maintained their improved market share with a more favourable product mix underpinning the investment case. The encouraging launch of new mirrorless cameras from Canon and Nikon has subdued near term demand but their full availability in 2019 will be of benefit.
- Production Solutions continued to perform well in the US, and as anticipated, benefitted from the sales of new products, including the launch of the Flowtech 100 tripod and Litepanels Gemini lights. Overall its performance continued to be strong.
- Our higher technology Creative Solutions Division continued to grow and SmallHD will move into their new facility later this month when they expect to return to full production shortly thereafter. We expect insurance cover to continue to mitigate losses due to the previously announced SmallHD manufacturing disruption caused by a fire in an adjacent building. As previously announced, the acquisition of Rycote, the manufacturer of advanced noise reduction equipment, is proceeding to plan and has opened the opportunity for us to enter the growing audio capture market.

**Full Year Results**

Vitec is scheduled to release its full year results announcement on Thursday 21 February 2019.

**-Ends-**

**Enquiries:**

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**Notes**

1. ROI (Return on Investment) is calculated as adjusted profit after tax divided by total investment; adjusted profit after tax is defined in the

Alternative Performance Measures in the Group's Half Year Results to 30 June 2018

2. Average foreign exchange rates in the period from 1 January to 31 December 2017: £1 = \$1.29
3. Average foreign exchange rates in the period from 1 January to 30 September 2018: £1 = \$1.35
4. Nothing in this announcement should be construed as a profit forecast
5. Estimated foreign exchange rate at completion: £1 = \$1.30
6. This announcement contains inside information. The person responsible for arranging the release of this announcement on behalf of The Vitec Group plc is Jon Bolton, Group Company Secretary.

### **A snapshot of The Vitec Group plc**

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 and bags, and noise reduction equipment.

We employ around 1,700 people across the world in eleven 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 2017 revenue from continuing and discontinued operations of £378.1 million.

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

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

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