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28 November 2019

The Vitec Group plc
Trading Update

The Vitec Group plc ("Vitec" or "the Group"), the international provider of premium branded products and solutions to the fast changing and growing "image capture and content creation" market, issues the following scheduled trading update.

Current trading and outlook

Vitec has continued to make good strategic progress in 2019, transitioning the Group in challenging markets. In many ways, 2019 will be a year of significant operational progress: Imaging Solutions is adapting successfully to an e-commerce business model; Production Solutions is expected to show year-on-year underlying profit growth; and Creative Solutions has launched 4K wireless video products for the cine market. However, 2019's financial performance is likely to be impacted by two, specific, one-off events. First, retail de-stocking in Imaging Solutions has been unusually severe. Second, there is a slower than expected trading recovery at SmallHD, following the fire in April 2018 and the ending of receipt of insurance income. As a result, the Group's adjusted PBT for 2019 is now expected to be in the range £47.0m - £50.0m, with December (as usual) an important trading month.

- Imaging Solutions continues to make good progress. End user demand remains resilient and the Division's transition to an e-commerce business model has been expanded, and is on track¹. Retail de-stocking in 2019 has been more severe than expected and whilst we expect this to slow down by year end, it is estimated to have a c. £6.0m operating profit impact in 2019. We expect this de-stocking to have significantly less impact in 2020. The Division is finalising its new JOBY brand strategy to coincide with a range of exciting new products for smartphonography, as well as new products for audio capture and motion control, to be launched in early 2020.
- Market conditions in Production Solutions remain stable and we continue to make good progress, driving continued margin improvement through operational efficiencies. The Division has started to prepare for the 2020 Summer Olympics.
- Creative Solutions continues to execute its strategy of integrated, 4K zero-delay wireless video products which it is uniquely able to deliver. The integration of Amimon in Creative Solutions is complete, and the business is performing as expected with Teradek Bolt 4K wireless cine products now shipping. The SmallHD insurance claim, to compensate for lost profit from the disruption caused by the fire last year, is now settled². However, as a result of the fire, the business continues to experience delays in launching new products, and consequently, SmallHD's 2020 operating profit is likely to be c. £5.0m lower than 2019 (2019 benefited from £6.5m of insurance income which will not be repeated in 2020).

Although we have limited order visibility, we expect to deliver progress in 2020 versus 2019, albeit from a lower base and slightly more H2 weighted.

Balance sheet

Vitec's financial position remains strong and we expect year end 2019 net debt to be broadly flat year-on-year. Cash conversion is expected to be satisfactory, albeit lower than in 2018.

Stephen Bird, Group Chief Executive, commented:

"We continue to make good strategic progress and expect 2020 to be a year of progress for the Group, benefitting from the Summer Olympics, US Presidential elections and the targeted growth initiatives already underway. Our 2020 financial performance, however, will be affected by the continued impact from the fire at SmallHD, and specifically its effect on the timing of the launch of new products.

"Vitec is a strong, agile business and the Group's market-leading brands, operational excellence and technology innovation makes us uniquely positioned to take advantage of the fast changing and growing global "image capture and content creation" market, and to deliver long-term value to our shareholders."

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Notes to Editors:

Vitec is a leading global provider of premium branded products and solutions to the fast changing 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 12 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

Notes:

1. In May 2019, we announced a restructuring of Imaging Solutions to take advantage of the growing e-commerce channel, with an expected investment of €8.5m (£7.5m) and annual savings of €3.0m (£2.6m). In October 2019, we expanded the scope of this project with the total investment now expected to be €10.3m (£9.0m) and annual savings from 2021 of €4.2m (£3.7m).
2. Insurance proceeds income from the fire at SmallHD was £7.8m in FY 2018 and £6.5m in FY 2019.
3. Average foreign exchange rates in the period from January to October 2019: £1 = \$1.27, £1 = €1.14.
4. 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.

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