

30 January 2018

The Vitec Group plc
Segmental reporting, US tax and Adjusted Performance Measures

The Vitec Group plc (“Vitec” or “the Group”), the international provider of products and solutions for the broadcast and photographic markets, today releases an update announcement regarding:

- FY’16 and H1 FY’17 results segmented to three Divisions
- likely implications of US tax reform legislation
- changes to Adjusted Performance Measures (“APMs”)

Changes to segmental reporting

On 16 November 2017, Vitec announced a reorganisation of the business into three Divisions – Imaging Solutions, Production Solutions and Creative Solutions – to reflect a changing customer base and to give greater focus to the fast-growing independent content creator market.

Vitec has also decided to change its reporting of corporate costs and will not allocate across the Divisions but disclose them separately. Whilst our corporate costs do not meet the definition of an operating segment under IFRS 8 “Operating Segments”, the revised format is consistent with that used by the chief operating decision maker.

Revenue and operating profit from continuing operations for FY’16 and H1 FY’17, reported in line with the new segmental reporting structure, are summarised in the two tables below. Total Group continuing operations revenues and operating profits are unchanged from those previously disclosed.

	For the year to 31 December 2016 ⁽¹⁾			
	Revenue	Adjusted operating profit ⁽²⁾	Adjusted operating margin	Operating profit
	£m	£m	%	£m
From continuing operations:				
Imaging Solutions	151.4	25.2	16.6%	22.6
Production Solutions	121.6	16.3	13.4%	13.7
Creative Solutions	45.9	9.5	20.7%	3.7
	<u>318.9</u>	<u>51.0</u>	<u>16.0%</u>	<u>40.0</u>
Corporate & Unallocated		(9.6)		(9.6)
Total continuing	<u><u>318.9</u></u>	<u><u>41.4</u></u>	<u><u>13.0%</u></u>	<u><u>30.4</u></u>

From continuing operations:	For the half year to June 2017			
	Revenue	Adjusted operating profit ⁽²⁾	Adjusted operating margin	Operating profit
	£m	£m	%	£m
Imaging Solutions	78.4	13.5	17.2%	13.4
Production Solutions	55.7	6.6	11.8%	6.0
Creative Solutions	30.8	6.5	21.1%	3.9
	<u>164.9</u>	<u>26.6</u>	<u>16.1%</u>	<u>23.3</u>
Corporate & Unallocated		(5.0)		(5.0)
Total continuing	<u>164.9</u>	<u>21.6</u>	<u>13.1%</u>	<u>18.3</u>

⁽¹⁾ FY 2016 excludes Haigh-Farr and Bexel, which were disposed in 2017 and reported as discontinued operations.

⁽²⁾ Adjusted operating profit previously referred to as "Segment Result".

Further detail, reconciling previously reported results, continuing operations and without the allocation of corporate costs, is available at Vitec's website at <https://www.vitecgroup.com/investors/results-reports-and-presentations/>.

US tax reform legislation

The recently enacted Tax Cuts and Jobs Act in the United States is expected (subject to audit) to result in a non-cash tax charge in 2017 relating to the revaluation of US deferred tax balances of c. £7.0m, based on the net deferred tax asset at the end of 2016. This charge is as a result of the reduction in the federal tax rate from 34% to 21% and will be excluded from adjusted earnings.

We will continue to work through the full impact of these changes and give further guidance on the future Group effective adjusted tax rate when we announce our 2017 full year results.

Adjusted Performance Measures

Further to the Financial Reporting Council's Thematic Review on Adjusted Performance Measures, Vitec has reviewed its definition of APMs. We intend to update the definition of adjusted earnings, to better reflect the underlying business and to enable more meaningful comparison over time. Charges associated with the acquisition of businesses, impairment of goodwill and restructuring costs are already excluded; adjusted earnings will now also exclude significant costs relating to the integration of acquired businesses and material non-operating events. Consequently, the integration costs associated with the acquisition of the JOBY and Lowepro brands in September 2017 will now be excluded from adjusted earnings in 2017 and 2018. The integration costs communicated in September 2017 remain as indicated and all costs excluded from adjusted earnings will be disclosed in the segmental note.

2017 full year results

The change to APMs indicated above is expected to result in a c. £3.0m increase in 2017 adjusted earnings. Net debt as at 31 December 2017 is also expected to be lower than current market estimates.

As previously communicated, Vitec will release its 2017 full year results announcement on 22 February 2018.

Ends

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A Snapshot of The Vitec Group

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 solutions 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 three Divisions: Imaging Solutions, Production Solutions and Creative Solutions.

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

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