

VITEC CREATIVE SOLUTIONS

The Creative Solutions Division designs, manufactures and distributes premium branded products and solutions for independent content creators, enterprises, broadcasters, and film and video production companies. It is made up of a number of brands that Vitec has built through acquisitions and includes Teradek, SmallHD, Wooden Camera, Paralinx, Offhollywood and RTMotion.

Revenue	Up 37.7%
£63.2m	
Adjusted operating profit*	Up 36.8%
£13.0m	
Statutory operating profit*	Down 21.6%
£2.9m	

Revenue	
2017	£63.2m
2016	£45.9m
Adjusted operating profit*	
2017	£13.0m
2016	£9.5m
Statutory operating profit	
2017	£2.9m
2016	£3.7m

* This report provides alternative performance measures ("APMs") which are not defined or specified under the requirements of International Financial Reporting Standards ("IFRS"). We believe these APMs provide readers with additional information on our business. We have included a glossary on page 150 which provides a comprehensive list of APMs that we use, including an explanation of how they are calculated, why we use them and how they can be reconciled to a statutory measure where relevant.

Creative Solutions further expanded its offering of higher technology products to the Independent Content Creator segment in 2017. This market has shown continued strong growth with drivers including the proliferation of online platforms such as Netflix which have generated a need for original content. Revenue for 2017 was £63.2 million, an increase of 37.7% on the prior year. At constant exchange rates, and after excluding the impact from acquisitions including the 2016 acquisition of Wooden Camera, revenue grew by 20.0%.

We have continued to invest in new product development in line with the changing nature of the image capture and sharing market. New products launched in the year include HEVC encoders, daylight viewable on-camera monitors and Serv Pro, a dedicated iOS monitoring solution. Our businesses have also worked together during the year to develop new products, including a SmallHD monitor with built-in Teradek Bolt wireless receiver, a SmallHD Focus monitor with an Anton/Bauer battery for DSLR cameras, and a Manfrotto/Wooden Camera Directors Cage for DSLR and mirrorless cameras.

Our higher technology offering was further enhanced by the acquisition of RTMotion in September 2017. This complements our existing activities and provides the Division with additional high quality camera accessories for the expanding Independent Content Creator market. The business has been integrated into Teradek and is performing in line with expectations.

Creative Solutions now has "Customer Experience Centres" in Los Angeles and Irvine, California and in Brooklyn, New York where our knowledgeable sales people demonstrate and sell our latest products across the brands. These centres help us to refine our products to improve user experience, particularly when brands are used together.

Statutory operating profit decreased by 21.6% to £2.9 million and adjusted operating profit margin* decreased by 0.1% pts to 20.6%. This reflects higher volumes offset by increased investment in sales and marketing to drive sales of our legacy products and increased investment to develop new products which has positioned us well for the future.

Corporate development

Vitec's Creative Solutions Division comprises five entrepreneurial companies which mainly serve the rapidly growing Independent Content Creator market with higher technology products. This market is growing well, driven by the sharp rise in original content creation (e.g. scripted television shows and web-streaming) viewed on platforms such as Amazon, Netflix, HBO, BBC, Sky, Facebook, YouTube and Livestream.

Given the similar target audience served by Teradek, SmallHD, Wooden Camera, Offhollywood and RTMotion, we have created a separate division for these businesses. This will also enable us to leverage the Division's market knowledge and products focused on this market, to further grow, both organically and through acquisition, in adjacent areas.

We have a strong leadership team in Creative Solutions, led by the original founders and entrepreneurs, and supported by key operational roles. We are further building the team and developing a common culture across the Division for product design, channel strategy, promotional activities and operational processes, whilst retaining the entrepreneurial focus, which is one of the key strengths for the Division's end user.



New markets and technologies

Cheaper production tools have enabled a much larger population of video creators to emerge and our strategy is to capitalise on this exciting market by maintaining and expanding our current market leadership by innovating quickly and creating high quality products with regular upgrades. Our emphasis is on product design, quality and customer experience.

We are also developing product synergies between Vitec brands, for example, a SmallHD ultra-bright monitor with a Teradek Bolt wireless receiver, a SmallHD Focus monitor with an Anton/Bauer battery for DSLR cameras, and a Manfrotto/Wooden Camera Director's Cage for DSLR and mirrorless cameras.

We are focused on acquisition opportunities in adjacent markets and with new products to address new areas of the content production value chain.

"The SmallHD FOCUS is a great monitor that is bright enough for all conditions and super easy to use. It pairs beautifully with any camera setup I have and it's so lightweight you can hardly feel the difference when you've mounted it on your camera setup. It is always in my gear bag."

Zach Lower, DIT/Director of Photography

"As a Steadicam Operator with over 20 years experience, I'm always on the lookout for reliable daylight viewable monitors. The SmallHD 703 Ultra Bright is an amazingly lightweight, durable monitor with enough horse power to be seen in the harshest of daylight conditions."

Alec Jarnagin, SOC, Director of Photography

"If we're filming in a room with tight spaces, instead of the director coming into the room and interfering, he could just watch from his phone outside. We wouldn't be able to do that without Teradek's Serv Pros. The freedom they give us means we're always ready to shoot, and for a documentary on student athletes for Netflix, capturing in the moment is what we're all about."

Terry Zumalt, Director of Photography

"The Bolt 3000 allows me to have cable free monitoring on all my shots that often could not be viewed via a traditional cable connection because of camera set up. It also gives me freedom of movement to move around the set or location and view images privately, giving me the head space I need to create the shot."

Brett Danton, Director

"From a rental house perspective, Wooden Camera always finds a way to make our lives easier by creating intelligent and durable products that seamlessly integrate with every camera system we have in our inventory. They hold up to the use that equipment in a rental house is subjected to and consistently meet the needs of camera assistants working in the field."

Mario Deas, President Mar Media
Digital Cinema Rentals



Teradek

Teradek launched several products in 2017, including new Cube HEVC encoders with the next generation video compression technology, and Serv Pro, their first dedicated iOS monitoring solution that allows directors and producers to watch what is being shot in real-time on their iPhones and iPads.

Teradek also launched Live:Air Action, a video production application for iOS that allows users to stream professional looking live video to Facebook, YouTube, Twitch, and more.

Lastly, Teradek released the Bond Backpack, a completely new bonded cellular streaming solution for network broadcasters that combines cutting edge HEVC video compression with Teradek's own Node LTE modems, all packed in an ergonomic, lightweight pack.



SmallHD Monitors

SmallHD launched a range of new products during 2017, including the Ultra Bright Monitors in both 5 and 7-inch formats. These daylight viewable monitors are classed as the brightest and most fully-featured on-camera monitors in the world, while maintaining low power consumption.

Early in 2018, SmallHD also launched its first touchscreen, high-definition video monitor for use with small, low profile cameras like DSLRs and mirrorless. The 5-inch FOCUS is an out-of-the-box monitor for under \$500 and has received critical acclaim for its daylight-viewable display and outdoor brightness. It is lightweight, has an Anton/Bauer centre-mounted battery and attaches securely atop the camera with the included Tilt Arm.

This year, SmallHD and Teradek joined forces to create a wireless monitoring device for directors. The 703 Bolt is equipped with a SmallHD monitor, a Teradek Bolt built-in wireless receiver and an Anton/Bauer battery, as well as cutting-edge software tools.



Wooden Camera Accessories

Wooden Camera also launched a series of new accessories. Major new products included a Directors' Monitor Cage, Universal Follow Focus and a manual Follow Focus.

Wooden Camera and Manfrotto joined forces in a cross-Group project to develop a series of Camera Cages for customers who shoot video with mirrorless and DSLR cameras. The cages are available in small, medium and larger options and are compatible with Sony, Panasonic, Canon, Nikon and Olympus cameras. Developed by Wooden Camera, and compatible with all of their accessories, the Cage sits on all Manfrotto video tripods. Solid and well-constructed, the minimalist design and lightweight structure is branded Manfrotto and sold globally via our extensive Vitec Imaging distribution and e-commerce network.

Getting closer to our customers

We have begun to develop our Creative Solutions Division as a customer-facing brand, tying our many brands together to develop a “curated, branded customer experience” in order to get closer to our customers.

We currently have two stores in California and one in New York and over the next few years are looking to expand the reach of these “Customer Experience Centres” both physically and online.

There are opportunities to develop synergies across the customer-facing aspects of the Creative Solutions Division. New centres and online stores will be carefully designed and branded to offer product displays and a consistent experience. Our sales people will be knowledgeable, well trained and certified, and will assist with bundling Vitec products. We will offer global support for all of our products from any location and regular educational workshops with presentations from third parties as well as Vitec brands.



“I can always count on CSNY to have the latest and greatest in stock and I love the white glove service and cutting edge info.”

Charlie Anderson, DIT/Director of Photography

“The team at CSLA helps me stay in step with the latest technology and is a great place to network with other members of the industry.”

John Tanzer, Director of Photography