

VITEC PRODUCTION SOLUTIONS

The Production Solutions Division designs, manufactures and distributes premium branded and technically advanced products and solutions for broadcasters, film and video production companies, independent content creators and enterprises. Products include video heads, tripods, lights, batteries and speciality camera systems.

Addressable market

We estimate that the broadcast market for products and services supplied by Vitec's Production Solutions Division is worth around £400 million annually. Vitec is well positioned due to its broad geographical reach and premium products. We have a global sales team that offers a full range of products

and services to our customers all over the world, either directly or via distributors, both online and in stores.

Market position

Vitec is the market leader in most of its product categories, providing leading products through our brands to the broadcast, cinema and video production markets.

Product category	Supports	Prompters	Lighting	Mobile power	Robotic camera systems	Distribution, rental & services
Brand	OConnor, Sachtler, Vinten	Autocue, Autoscript	Litepanels	Anton/Bauer	Camera Corps, Vinten	Camera Corps, TCS
Market position†	1	1	2	1	2	1

† Management estimates by sales value in the market segments in which these products are sold

Our brands

- Anton/Bauer
- Autocue
- Autoscript
- Camera Corps
- Litepanels
- OConnor
- Sachtler
- The Camera Store ("TCS")
- Vinten

Target audience

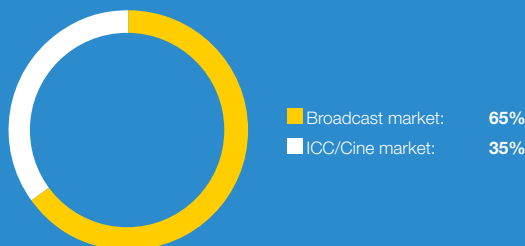
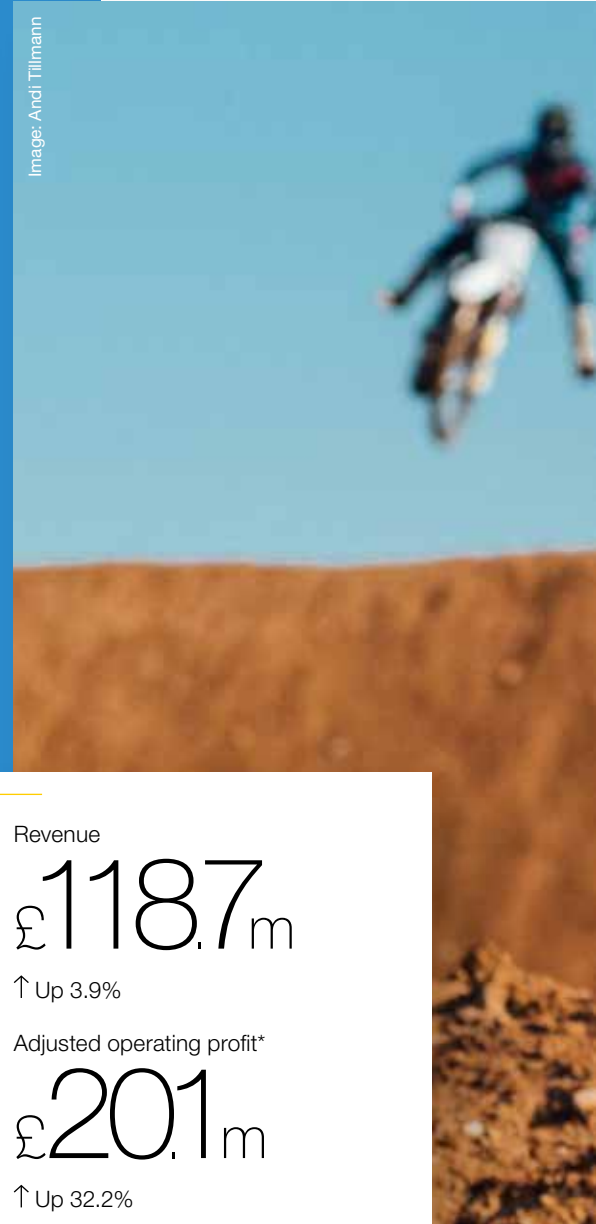


Image: Andi Tillmann

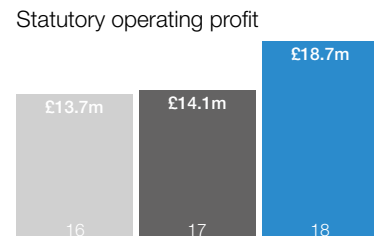
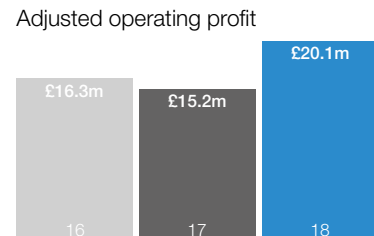
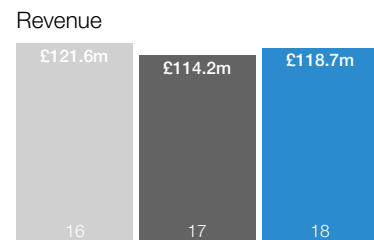


Revenue
£118.7m

↑ Up 3.9%

Adjusted operating profit*
£20.1m

↑ Up 32.2%





Operational review

Vitec Production Solutions' revenue grew by 3.9% to £118.7 million and increased by 5.6% at constant exchange rates. This includes strong sales of our Flowtech carbon-fibre tripod including the larger Flowtech100, launched in September, which attracts higher margins. We have increased our manufacturing capacity for Flowtech in response to the high demand for these products. Growth was also driven by the success of our Litepanels Gemini lights and solid performance, particularly in the US of Autoscript IP Prompting which has delivered a 10% margin uplift. Performance was supplemented by the Winter Olympics.

The business remains market leader in the core broadcast studio market. Sales in the US have begun to normalise following the adverse effect of the spectrum reorganisation ("repack") in the prior year. In APAC there are encouraging signs as Chinese broadcasters look to upgrade to 4K, studios in Japan have been investing in advance of the 2020 Olympics and we have invested in sales and marketing efforts in India, South Korea and Australia. Demand in EMEA was slightly below the prior year.

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Our Production Solutions brands are renowned for their industry-leading quality and reliability, both in the studio and on location. 2018 highlights included the launch of the innovative Flowtech100 tripod, new Litepanels Gemini lights, Vitec in action at the Winter Olympics and Football World Cup, and the opening of a new Divisional head office in the UK.

Alan Hollis

Divisional Chief Executive,
Vitec Production Solutions



We successfully completed the transfer of manufacturing operations from Shelton, US to our facility in Costa Rica, which has started to deliver savings. This, coupled with the benefits from our new purpose-built manufacturing site in Bury St Edmunds, UK, has established a solid foundation to support further strong performance, and helped to deliver significant and sustainable operational efficiencies.

Adjusted operating profit margin* improved by 3.6% pts to 16.9%. This was driven by an improvement in gross margin from favourable product mix and operational efficiencies, including some early benefit from the transfer of manufacturing from Shelton to Costa Rica. The Division's margin was also favourably affected by the Winter Olympics.

Statutory operating profit increased by 32.6% to £18.7 million.

Organic growth:

Specialist new products for sporting events

Vitec's Camera Corps team was in action in South Korea and Russia supporting the Winter Olympic Games and the football World Cup. We developed specialist new products and technologies which enabled our customers to get those "WOW" shots which make their events memorable. One example is the new Dual Mini Remote Head which supported high motion cameras at the World Cup for through-the-net football replays.



Margin improvements:

Rationalising manufacturing to maximise productivity

In order to drive continued operational efficiencies and further enhance margins, Production Solutions has rationalised all in-house manufacturing into two sites – Bury St Edmunds, UK and Cartago, Costa Rica. The UK is our Centre of Excellence for high end robotics and Flowtech carbon-fibre tripods, and Costa Rica focuses on video heads, tripods and batteries.

In March 2018, we opened our new, purpose-built manufacturing site in Bury St Edmunds which enabled us to increase our production capacity in 40% less space. We also completed the move of our manufacturing operations from Shelton, US to Costa Rica, which will lead to cost savings from 2019.

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It's a positive upgrade from our old building, bringing efficiencies and improving the teams' working conditions.

Nick Crouch

Assembly Fitter, Vitec Production Solutions



Organic growth:

Continued investment in innovation to take market share

In 2017, we launched the revolutionary and award-winning Flowtech75 carbon-fibre tripod for the on-location news and sport market, which is dual-branded as Sachtler and Vinten. Sales have performed above expectations and in September 2018 we launched its "big brother", the Flowtech100 which has been very well received. Flowtech is designed and manufactured in our Bury St Edmunds factory where we have increased capacity due to the product's success.

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The Flowtech100 is a perfect tripod in just about every way.

Thorsten Milse
Wildlife Filmmaker



“

Camera Corps are the world leaders in supplying speciality remote cameras for the most prestigious and high-profile global productions. From reality series to entertainment shows and international sporting events, our team has achieved a pre-eminent reputation for its ability to acquire exciting and unusual television content.

Phil Beckett

VP EMEA Services, Vitec Production Solutions