Market Announcement

26th August 2016, Vista Group International Limited, Auckland, New Zealand

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Vista Group - First half trading produces 49% revenue growth over first half FY2015

Highlights

- Consolidated Vista Group Revenue of $40.7m represents growth over first half FY2015 of 49% (42% excluding acquisitions).
- EBITDA(1) of $5.3m for the first half of FY2016, represents an increase of $1.7m (+47%).
- Completion of 3 strategic acquisitions during the first half of FY2016.
- Vista Group continues to invest in projects to sustain and build future growth. Headcount numbers (excluding new acquisitions in FY2016) have increased to 435, representing an increase of 85 employees or 24%.
- Announcement and completion of a new venture in China with Tencent affiliate – WePiao - to take advantage of the rapidly expanding Chinese film market.

Vista Group (NZSX: VGL, ASX: VGL) has today announced its half year results for the 6 months to 30 June 2016. Overall, performance is well up on the 2015 half year.

Operating Metrics

- Recurring revenue in the first half of FY2016 represents 66% of total revenue, up from 61% in FY2015.
- Vista Cinema cumulative site numbers grow to 5,200 (up from 4,710 at the end of FY2015) driving recurring maintenance revenue and additional module upsell opportunities.
- Global Vista Cinema market share grows to 38% worldwide for cinema exhibition companies with 20+ screens.
- VEEZI revenue increases driven by higher than anticipated site numbers and revenue per site. VEEZI recurring revenues exceed $2.65m on an annualised basis
- Movio revenue in the first half of FY2016 increases 85% when compared to the same period in FY2015.

Divisional overview

Vista Cinema has had a strong first half highlighted by an increase in site numbers of 490 (includes 161 sites from CCG in France). Key deal closure and deployments in China, South Africa and Middle East have driven this result.

Veezi reached 429 (350 at end of FY2015) contracted sites by 30 June. Progress of entry into other territories, especially France, China and India has been further advanced.

Movio Cinema has continued to expand its global footprint with its core analytics and campaign management software, with particular success across the US and Europe, Middle East and Africa. Email volume is at record levels and adoption of the newly launched SMS module is growing rapidly. Key new customers are now live with Movio Cinema, with their revenue to be recognised in the second half of FY2016.

Movio Media has continued to gain traction in the US with ongoing agreements in place with Sony, Warner Bros. and NCM. Development is progressing on a second generation product to further refine the offering and address additional market requirements. There are a number of prospects in late stages of negotiation.

MACCS performed to expectation. The revenue from the contract with Warner Bros. in the US providing a key uplift, as a result revenue has increased by 33% for the first half when compared to the same period in 2015. MACCS is continuing to increase its penetration and market share in other international markets.

New acquisitions. In the first 6 months Vista Group completed the strategic acquisition of three companies: Powster Limited ('Powster'), Share Dimension B.V. including its subsidiary S.C. Share Dimension S.R.L. (collectively 'Share Dimension') and Flicks.co.nz Limited ('Flicks'). Significant progress has been made to integrate these new businesses into Vista Group with synergies now beginning to be realised.

Financial overview

Vista Group's trading performance in the first half of FY2016 represents a solid increase from FY2015 in terms of revenue and EBITDA (1), which represented both the expanded nature of Vista Group and the improved performance of the operating businesses. A high level of volatility in exchange rates was experienced following the Brexit vote in June 2016. All key trading exchange cross rates moved unfavourably due to the strengthening of the NZD. This resulted in a material movement in unrealised losses at period end due to revaluations of items such as trade receivables at balance date. Vista Group has recognised foreign exchange losses of $782k for the half year period to 30 June 2016. When compared to the same period in FY2015 when favourable gains of $1.857m were recognised, this represents a large movement in the operating result. With these movements included, Vista Group still shows an increase in operating profit for the first half of FY2016 of $1.16m, when compared to the same period in FY2015 .

Vista Group continues to produce positive cashflow from operating activities. Cash reserves have decreased ($11.1m) primarily due to acquisition activity as Vista Group completes the strategic acquisitions of Powster, Share Dimension and Flicks in the first half of FY2016.

The new venture in China with WePiao has progressed with the final regulatory approval now having been received to establish the new venture. WePiao have completed the first payment tranche under the agreements. The transaction has now completed, post balance date, and therefore assets and liabilities related to Vista China are classified as held for sale through the financial statements and accompanying notes (see market announcements from 4 March 2016 and 25 August 2016 for further details of the transaction).

(1) EBITDA is defined as earnings before depreciation and amortisation ($1.168m), net finance expenses and income tax.

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