Media Release

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Resilient Vista Navigates Pandemic in Strong Position

Vista Group (VGL) reported its 2020 half year results showing continuing strong customer support and a resilient market position as cinemas begin to re-open globally.

Kimbal Riley, Vista's Group Chief Executive, commented "Vista has successfully navigated a very challenging first half of 2020. We have been planning, and re-planning, every step of the way through the COVID-19 pandemic and I am delighted to present a result for the half year which shows how resilient our business is given the global market conditions. This is a testament to the determination of our people and to the support from our customers across the world."

"The whole Vista team has been focused on ensuring our customers are prepared for the re-opening of the cinema and it is exciting to see that happening. The industry is re-opening and Vista has enhanced its relationships with its customers and its competitive position globally."

"We have delivered a solid operating cash flow over the half and this has enabled Vista to sustain its investment in innovation. These enhancements and features, such as the Vista Cinema Re-opening Kit and Movio's Research 2.0, support our customers globally with the capabilities to operate lean in a post-COVID world with operating protocols such as social distance seating, contact tracing, and contactless payment options. Importantly, raising capital early has enabled us to understand and anticipate the likely operating environment of our customers post the pandemic and deliver their needs before they open."

"We believe Vista is in a stronger and more competitive position, with very strong customer relationships, a healthy balance sheet with good levels of cash, and a clear focus from the team on delivering innovation to our customers globally."

Key Financial Metrics

- Positive operating cashflow of $16.7m, up 123% on first half 2019, includes $3.8m of local and international wage subsidies and $3.8m of tax deferrals
- Successful $62.4m capital raise with strong investor support
- Revenue down 34% to $44.8m
- EBITDA loss of $6.5m, including non-cash expected credit loss and credit risk provisions of $7.6m
- Loss before tax of $47.9m, including non-cash impairment charges and credit provisions of $36.1m

Key Operational Metrics

- Vista Cinema maintains estimated 51% market share of the 20+ screens segment excluding China
- Innovation continues in all Group companies with new products and enhancements
- New customer sales: Vista Cinema, Movio Cinema, Maccs with Mica

The trading performance for 2020 reflected the wider market conditions. Reported revenue was down 34% for the Group with non-recurring revenue, primarily one-off license revenue, particularly impacted, down 54%, as customers deferred or cancelled capital projects. Recurring revenue was down 21%.

Within Vista Group, Vista Cinema, the founding and largest business, maintained its market share in the first half of 2020, holding steady at an estimated 51% of the global enterprise market (20+ screens) excluding China. Revenue was down 39% due to the impact of COVID-19, with new license sales particularly impacted and down 61% against the first half of 2019. Recurring revenue was down 22% for the Cinema segment due to lower billing in Veezi and discounts for maintenance customers, including for prompt payment.

Movio, the Vista Group business that delivers data driven marketing solutions for the film industry, reported revenue down 29%. This was an improvement over earlier expectations considering the global conditions across the exhibitor and studio markets.

The Additional Group Companies segment was generally less impacted by the pandemic, with Maccs revenues down only 7%. Maccs won new business in Europe and the USA with its Mica product in the half. Numero had a good start to the year, with revenues in line with prior year (not consolidated) and Powster revenue was down 34% as billings for showtimes reduced with cinema closure.

Vista China, which is an associate and is not consolidated into the Group results, restructured its cost base early in the pandemic to minimise cash outflows and retains a healthy cash balance at the half year.

Despite the COVID-19 pandemic Vista Group continues to maintain a strong balance sheet. The Group drew on its debt facilities early in the pandemic and successfully raised $62.4m in new capital during lockdown from a very supportive institutional and retail shareholder base. Total trade receivables were down, with lower billings and accrued revenue and increased provision for expected credit loss of $5.8m. Strong collections over the first half exceeded expectations, demonstrating solid support from customers.

The Group has taken a conservative approach in reviewing the carrying value of its assets, resulting in non-cash impairment charges to the income statement of $11.6m against goodwill (primarily in MACCS and Numero), $15.0m against investments in associates (Vista China and Stardust) and $1.9m against internally developed software and lease assets.

Vista Group generated a strong positive cashflow from operating activities, $16.7m, with good payables and cost management, excellent government assistance, employee salary sacrifice and good collections given the pandemic and customer conditions.

The restructure announced in late June which covers the Group, Cinema and Movio segments will yield annual savings in salaries of approximately $15m, the top end of the $12m - $15m forecast range.

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