



VISTA
GROUP

MARKET ANNOUNCEMENT

29 May 2019, Vista Group International Ltd, Auckland, New Zealand

CHAIRMAN'S ADDRESS AND GROUP CEO'S ADDRESS DELIVERED AT VISTA GROUP INTERNATIONAL LIMITED'S 2019 ANNUAL MEETING OF SHAREHOLDERS

Chairman's Address (Kirk Senior)

Vista has again delivered another exceptional result, with the fifth consecutive year of 20%+ revenue growth. This resulted in a 17% increase in EBITDA and a 150% increase in operating cashflow. We declared a fully imputed dividend 27% up on the prior year, being at the top of our policy range, reflecting our confidence in the business and the desire to reward our shareholders.

Almost 5 years ago, Vista had its IPO. Since then Vista has delivered a compound annual revenue growth rate of 29%.

In particular, our two core businesses are driving the exceptional growth – Vista Cinema and Movio continue to deliver standout results. Our “other businesses” are also performing very strongly or are now on track for growth going forward. These “other businesses” play an important part in our group, often beyond their relative size, and their executives are considered to be amongst the finest in the industry.

We continue to be very focused on the now but are equally focused on planning for all aspects of the future to ensure we maximise the opportunity to continue to build on the tremendous base we have created. And we do just see it as a base – we believe there is significant opportunity going out many years.

Our joint venture business in China continues to be strong – our business model means we may have more volatility in earnings than our other businesses however there is no doubt this is a significant opportunity for the long term, albeit one we must manage carefully.

The film industry is very healthy. Disney has completed its merger with Fox and has strongly re-iterated its commitment to the theatrical window. Avengers Endgame has broken every record in the book and the product line-up for the rest of the year looks terrific.

Adjusting for the two for one share split in November 2017, the share price since IPO has increased fourfold.

And, since IPO, Vista's shares have significantly outperformed both the S&P/NZX 50 Index and S&P/NZX Information Technology Sector Index for Total Shareholder Returns. This is a terrific outcome for all our shareholders.

Our balance sheet has never been stronger. This capacity provides us with the ability to take advantage of new opportunities. And we are actively pursuing and evaluating these as they arise. The strength of our financial position together with our talented team also allows us to continue to innovate across our product range to meet our customer needs. Most importantly, we continue to be absolutely focused on

our core businesses and seeking out the opportunities with customers and prospects to further accelerate sustainable growth.

This time last year, we announced an important executive change with Kimbal Riley taking over the Group CEO role from our Founder, Murray Holdaway, who moved into a key role of Chief Product Officer. I noted in last years' letter that I believed that this would be a case of 1+1=3 and I'm delighted this has proved to be the case. It is a great joy to work alongside Kimbal – simply put, he is a great CEO.

I want to especially recognise the tremendous work ethic, capability and enthusiasm of our executive team for leading a group of talented and motivated staff who are shaping the success of the Group and making a real contribution to the success of our customers.

The Board is very proud of the Group's achievements and excited by what lies ahead. Thank you to the other members of the Board who provide a diverse and complementary set of skills and ideas, constantly challenging each other and management to ensure we are restless and focused.

On behalf of the Board, I thank you for your ongoing support.

I will now hand over to Vista's Chief Executive, Kimbal Riley, who will make a presentation on the business.

Group CEO's Address (Kimbal Riley)

Thank you Kirk. I've particularly appreciated your support, and that of the Board, these last 12 months.

And I would like to thank our shareholders for their support. It is a tremendous boon to our people to see their efforts recognised.

I'm going to provide an overview of our results in 2018, in very similar terms to those used in our announcement in February of this year. I will also discuss some of the key growth opportunities in prospect for the Group.

We had a great year in 2018:

- revenue at the top end of our expected growth range (in the region of 20%) to \$130 million;
- strong growth in recurring revenue to nearly \$80 million;
- An excellent EBITDA and operating profit result;
- And we paid a dividend.

Everyone at Vista is excited to see that their efforts have contributed to this strong result, and I am proud to be a part of the team that continues to build a strong New Zealand based company.

However, the highlights reel for 2018 goes beyond financial measures with Vista Cinema reaching a market share in the +20 screens segment of 40% globally. Excluding China, that market share is 48.1%.

Important multi-group agreements were signed with the two of the largest global super-circuits – Odeon (part of AMC / Odeon), and Cineworld (Cineworld / Regal).

The core businesses, Vista Cinema and Movio, both had really strong years, with Movio in particular a stand-out.

We also started reporting the proportion of the Group's revenue that is SaaS based, and were very pleased to report it as 32% of total revenue – up from 25% in 2017.

In 2018 we continued reporting our business in segments - using the same segments as in 2017:

- Vista Cinema;
- Movio;
- Additional Group Companies;
- Early Stage Investments; and

- And Associate companies.

The highlights across our segments included:

- Operating leverage achieved for both Movio and Vista Cinema in addition to healthy revenue growth rates.
- An improved trajectory in the Additional Group Companies segment driven by the performance of Powster which grew over 50% year on year.
- An unexpected spike in ticketing volumes for movieXchange mid-year provided a welcome boost for the Early Stage Investments segment and delivered a positive EBITDA outcome for the year.
- And as expected – the localisation income for Vista Group from our Vista China JV (reported under the corporate segment) was \$4 million down on 2017.

All in all a tremendous set of results.

As I mentioned, Vista Cinema had a strong year, adding around 1,000 new cinema sites (including 199 in China) to reach a global total of just over 7,200. Of the additional sites, approximately 35% were with existing customers, which is a very encouraging statistic as the large circuits keep investing.

Revenue growth was strong at 22% to over \$82 million.

The first beta customers in the cloud were deployed towards the end of 2018 – with some tremendous collaboration between customers and our teams.

The acquisition of our business partner in Latin America in 2017 delivered on our expectations in 2018 with stronger and stronger Group relationships formed with key customers in the region.

And we were pleased to report revenues approaching \$3.5 million in the additional revenue category – from 3rd parties operating within the Vista Cinema ecosystem. The customers of Vista Cinema are extremely supportive of this initiative.

Our Veezi business had another solid rather than spectacular year with steady site acquisition (adding 258 sites) but with a good performance in revenue growth, driven by the addition of new modules and an increase in ancillary revenue from 3rd party sources.

The growth opportunities for Vista Cinema should be viewed through four distinct frames:

- In geographies – as well as increasing market share in countries such as the USA and UK - in a number of significant cinema going countries, Vista Cinema's presence is modest – including countries such as Brazil, Japan, and France.
- In customers – in particular in the largest circuits where Vista Cinema is very well positioned to benefit from the continuing trend to trans-national consolidation.
- In products – Vista Cinema continues to build new products – such as Serve, Horizon, and CXM – cloud-based products for which there is already significant customer demand.
- In the move to Cloud – moving to the cloud will enable Vista Cinema to offer SaaS style proposals to customers – with attendant incremental revenue opportunities.

Movio's vision is 'Connecting everyone with their ideal movie' – this underpins all that they do – and they have had a terrific year in delivering on this vision for their customers – both cinema and studio / distributor.

2018 was a standout year for Movio, with the Movio Media business in the USA having a particularly strong 2nd half.

This drove an overall 47% revenue growth result, supported by increased operating leverage as EBITDA percent increased to 27%.

Connections were again on the increase with over 2.2 billion messages being sent – a 22% increase.

Movio Media enables studios to connect with moviegoers in ways not possible before, through an aggregated anonymised database of movie going habits.

The Movio Media revenue grew 122% (albeit off a small base) as key agreements were reached with Fox and Disney. A particularly strong performer for Movio Media was the research offering which enabled studios to apply the data from Movio in planning the marketing of movies – earlier in the life of the movie than previously was the case.

Growing the Movio business can be distilled down to focus on two key metrics.

Increasing the number of active movie-goers in the platform (by selling more Movio Cinema deals).

Increasing the revenue per active movie-goer by expanding the Movio Media platform to more cinemas, to more publishers and to more countries.

The number of active moviegoers in the database was flat overall compared to the previous year, but the revenue per active moviegoer was up considerably driven by the impetus of Movio Media in the USA market.

A tremendous year for Movio overall – we couldn't be more delighted.

In the Additional Group Companies segment:

Powster had another strong year, with revenue growth of over 50% and a solid EBITDA performance.

The studio in LA is well established with around a dozen people, and they have some very interesting new products in development.

Following a tough year in 2017, the MACCS business started to show some green shoots in 2018. The appointment of a new CEO in July has proved pivotal, as has the completion of the 'unpaid' portion of the large USA project. The overall result for 2018 was still disappointing, but there was encouragement in the improvement in the 2nd half performance over the 1st half.

Flicks continued to rack up growth in unique visitors across New Zealand and Australia – with a considerable increase in advertising revenue in Australia being the highlight.

Our early stage investment portfolio had a pleasing 2018.

An unanticipated mid-year spike in ticketing volumes for movieXchange tickets boosted the results considerably, however by year end the volume had returned to more normal levels. movieXchange Film had a very satisfactory 2018, now servicing over 8,000 screens, and providing a single consistent film database for Group companies.

Cinema Intelligence grew revenue 80% over the previous year and started to make good inroads into the Vista Cinema customer base. Integrations with key Vista Cinema modules have created an excellent pipeline for 2019 and beyond.

A key milestone in the journey for Stardust occurred with external investment moving Stardust to associate status post balance date.

The star of the show for Numero was the progress made in the International market. 10 new country dashboards were delivered during 2018 and studio execs were particularly pleased with the fact that the flash data is being provided much more quickly.

2018 was also a year of considerable investment in the USA market for Numero, and whilst good progress was made, there are several key gaps in the coverage, and this has limited the value that studios place on the USA data.

Our Joint venture in China – Vista China - had a good 2018, with revenue up 19% over 2017 to just over \$NZD20 million. 199 new sites were added including a key win with top five circuit Stellar – whose rollout has continued into 2019.

The Vista China team invested in local development capability during 2018 with a focus on offerings that are unique to the China market. Key in this regard is the ability to build Wechat mini-programs for

customers, and integration platforms to simplify the management of 3rd party ticket aggregators so prevalent in China.

During 2018 we agreed with our joint venture partner to increase our shareholding in Vista China. This was duly completed in early 2018 – with the resultant shareholding percentages being 47.5% for each of Vista Group and Weying with the remaining 5% held by staff.

We have continued to pursue options to enable the consolidation of Vista China and we are confident that we will be able to achieve this, however it is difficult to predict exactly when that will be.

We'd reiterate our comments when we announced our results in February, that we do not assume consolidation in 2019 at this point.

To 2019 and the future.

We continue to target revenue growth in the region of 20%, which remains dependent on several key projects tracking to current schedules.

We look to a strong performance from Movio, a continuation of the performance record of Vista Cinema, and an improved Additional Group companies segment performance with Powster and an improving MACCS to the fore.

One of the key projects on our roadmap over the coming years is the transition of Vista Cinema to the cloud and to Enterprise SaaS. Significant progress has already been made, but there is still a substantial amount of work to do.

The future for Vista Group is exciting as we continue to build the scale of our Group businesses, work to enhance the collaboration opportunities between the Group companies and continue to create the best software and data solutions for the film industry.

In closing I want to take this opportunity to acknowledge everyone in the Vista Group team – from the Board through every Group company, a business such as ours succeeds only through the imagination, dedication, and hard work of the people in it – both in New Zealand and around the world. I'm extraordinarily grateful to be part of this team and I thank every one of them for their support.

Thank you.

ENDS

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