



MARKET ANNOUNCEMENT

24 February 2016, Vista Group International Ltd, Auckland, New Zealand

Vista Group FY2016 Financial Results – Strong performance continues with 35% growth in revenue.

Highlights

- Strong 35% revenue growth for consolidated Vista Group to \$88.6m over FY2015 (28% organic growth excluding acquisitions)
- EBITDA⁽¹⁾ increase of 16.6% over FY2015 to \$17.6m
- Completion of 3 strategic acquisitions during the first half of FY2016
- Completion of a major strategic transaction in China (one of the largest tech industry transactions by a NZ company in China) in what is the fastest growing film market in the world
- Strong growth in business while continuing to invest in significant product development
- Increased investment in new platforms for future growth including the commencement of moving the Vista Cinema product to the cloud, a social application based around movie goers and a platform to connect various parts of the cinema industry that has arisen from our China experience
- Continued significant investment in Movio Media with a number of new enhancements to drive additional customer engagements
- Final dividend declared at top end of previous guidance range
- Outlook for 2017 remains positive

Vista Group (NZX and ASX: VGL) has today announced its audited results for the 12 months to 31 December 2016. Overall performance is strong and the Group has continued to highlight its underlying core business strengths:

- o Consistent strong revenue growth
- o Strong annuity revenue
- o Sustained Profitability
- o Positive Operating Cash Generation
- o Leading global position in an expanding Film industry

(1) EBITDA is defined as earnings before depreciation and amortisation (\$3.3m), net finance expense, income tax and the expense accrual related to the VCL deferred consideration

The result for FY2016 does include the recognition of the accounting treatment of the transaction in China. This was explained in our market release of 21 February 2017.

Net profit after tax, which includes the one-off capital gain from the China transaction, was up 705% to \$49.5m and has increased Vista Group's Equity position to \$138.3m.

Business overview

Vista Cinema delivered another very strong performance in 2016 with positive revenue growth, and a continuation of excellent EBITDA results. Growth was achieved while substantially boosting organisational capability with over 88 people added in key areas of Product Development and Global Operations.

Vista Cinema implemented in new countries (including Ukraine, Denmark, and Paraguay), and for new customers including Jinyi (China), Ster Kinekor (South Africa), and Nordisk (Denmark). Vista Cinema ended 2016 with 5,557 sites implemented globally – an increase of 847 (18%) from the previous year. This represented 686 new license sites and 161 from the CCG relationship in France. In addition, Vista Cinema implemented its software in 285 non cinema sites for existing customers in related small retail food and beverage operations.

Exciting new developments in both new and existing product areas were well advanced in 2016. In particular, the areas of Staff Management, Media Management, and the management of third party ticket sales channels present increasing opportunities for growth. Additionally, in 2016, Vista Cinema ramped up its investment in the software design area, investing further in a strong design (UI/UX) team, and broadening the technology base of the products created.

Veezi reached the milestone of 500 contracted sites during 2016, and is now installed in over 20 countries. Significant work was undertaken on a country wide agreement in Sweden. This has been completed in 2017 and with over 120 letters of intent signed, it is expected to provide a significant boost to site numbers. First sites went live in the important countries of China and France, while work on the product to make it saleable in India neared completion. Average revenue per contracted cinema continues to grow as product additions were made available and customer transaction volumes exceeded expectations.

Movio Cinema revenue grew 42% in 2016, with notable growth in South Africa, Norway, Denmark, the UAE and the successful implementation of Vue in the United Kingdom. Movio Cinema's Campaign component grew significantly, with email volume increasing 108% to 1.5 billion and the SMS business growing from an initial 500,000 messages in 2015 to 10 million in 2016. Contracted customers increased 47% to 50 from FY2015.

Movio Media continues to evolve the product offering to fill new demand, with a number of product releases attracting new customers, in particular the addition of ethnicity data for the US market. This capability assisted in securing long term agreements with Warner Bros and Sony. New contracts are expected in early 2017 which will expand the reach of the Media product. Revenue contribution increased more than 100% from FY2015 with further growth projected.

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(2) Underlying EBITDA is defined as EBITDA⁽¹⁾ less foreign currency gains and losses and has the impact of the acquisitions in 2016 removed

MACCS performed slightly below expectation due to the Warner Bros. implementation being moved from November 2016 to February 2017. Significant services revenue was earned during 2016 as part of the project, however the expected go-live in February 2017 will enable further license revenue to be recognised. MACCS has performed well in international territories outside the USA, with a number of new territories being added. Significant progress was made in bringing its box office collection service MACCSbox to a number of new markets including Australia and the USA.

New acquisitions

In the first 6 months of 2016 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').

Powster has performed to plan and has added to the Vista Group result at both revenue and EBITDA lines. Progress has been made towards establishing a creative studio in Los Angeles which should add significant business to Powster in 2017.

Share Dimension is still an early stage business and continues to require investment from Vista Group. A significant new product in Box Office Forecasting was brought to market and has gained interest from a number of existing Vista Group customers.

Flicks. While still a relatively small business in terms of revenue, achieved encouraging revenue growth in New Zealand with all major film distributors advertising on the platform throughout the year. A new Flicks Android app was added to the NZ market, as well as an update of the existing Apple iOS app. The visitation rate to Flicks' web sites and mobile apps in Australia continues to grow and 2017 should see further monetisation of this growth.

Financial overview

Vista Group has produced strong revenue growth (35%), produced positive operating cash flow (\$5.4m) and maintained a strong balance sheet to provide a platform for the continued growth of Vista Group. Earnings based on EBITDA⁽¹⁾ have improved 16.6% to \$17.6m despite the \$3.0m negative foreign exchange movement from 2015. Vista Group continued its strong focus on software development, the improvement of its existing products and the creation of new products for the market. In line with previous market advice Vista Group has capitalised \$4.1m against key projects in Vista Cinema and Movio.

When the EBITDA⁽¹⁾ result is adjusted for abnormal items such as foreign exchange movements and impact of new acquisitions, underlying EBITDA⁽²⁾ as a percentage of revenue increases to 22%, up 2 percentage points from 2015.

Cash reserves at year end stand at \$21.3m, this is a reduction (\$6.0m) from FY2015, due to acquisition activity as the Vista Group completed the strategic acquisitions of Powster, Share Dimension and Flicks in the first half of FY2016 and its investment in internally generated software.

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Dividend

In line with the dividend policy established by the Board in 2016 the Directors have resolved to pay a dividend at the top of the range (50%) and the dividend will carry full imputation credits.

The value of the dividend will be 4.61 cents per share representing a total payment of \$3.8m. The record date for the dividend is 10 March, 2017 with the payment date set at 24 March, 2017.

Outlook

The underlying growth in the global film industry combined with the focus on leveraging the core strengths of Vista Group means that the outlook remains strong.

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