



# VISTA GROUP 2019 HALF YEAR RESULTS

29 August 2019



03/27/20
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# AGENDA



KIMBAL RILEY  
GROUP CHIEF EXECUTIVE



WILL PALMER  
CEO MOVIO

VISTA GROUP SUMMARY

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FINANCIAL RESULTS

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OUTLOOK

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VISTA CINEMA TRANSFORMATION

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Q+A

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# VISTA GROUP OPERATING SEGMENTS



## CORE BUSINESSES

CINEMA



MOVIO

MOVIO

ADDITIONAL GROUP COMPANIES (AGC)

POWSTER

maccs

FLICKS

EARLY STAGE INVESTMENTS (ESI)



ASSOCIATES / JOINT VENTURES



# VISTA GROUP 1<sup>ST</sup> HALF 2019 SUMMARY



## FINANCIAL HIGHLIGHTS

Continued excellent performance from Vista Group's core businesses (Vista Cinema and Movio) over pcp

- **19%** increase in revenue for the **core businesses**
- **16%** increase in like for like<sup>1</sup> EBITDA<sup>2</sup> for the **core businesses**, as operating performance is sustained.

Reported Vista Group revenue of **\$67.5m** (12% growth), impacted by:

- Decline in movieXchange revenue (\$0.9m) due to the demise of MoviePass
- Known reduction in localisation revenue from Vista China (\$1.9m).

Vista Group like for like<sup>1</sup> EBITDA<sup>2</sup> of **\$11.8m** masks solid underlying performance with reported EBITDA,<sup>1, 2</sup> impacted by:

- MovieXchange revenue decline (\$0.9m)
- Vista China revenue reduction (\$1.9m)
- Adverse FX movement compared to pcp (\$0.8m).

**14%** increase in recurring revenue over pcp to \$41m – **61%** of Vista Group revenue

1 In order to provide a like-for-like comparison, the prior year comparative period has been adjusted for the impact of NZ IFRS 16 Leases.

2 EBITDA is defined as earnings before net finance costs, income tax, depreciation and amortisation, acquisition expenses, capital gains / losses, impairment losses and equity accounted results from associates and joint venture companies.



## OPERATIONAL HIGHLIGHTS

- Strong balance sheet maintained - low debt and a solid cash position
- Vista Cinema **global market share of Enterprise (20+ screens)** excluding China reaches **49.9%** (39.4% including China)
- Vista Cinema **global market share of TOTAL screens** increased from 29.1% in December 2018 to **30.3%** at the end of June 2019 (39.0% excluding China)
- Intense period of product innovation in all Vista Group companies: Vista Cinema, Movio, Powster, Cinema Intelligence and Maccs
- Movio Media launched in the UK ahead of schedule and enjoying early successes
- Vista Group relocated to new premises in Los Angeles catering for growth.





# FINANCIAL RESULTS



# CORE FINANCIAL METRICS



## TOTAL REVENUE

**\$67.5m**

(up 12% over pc<sup>1</sup>)

## RECURRING REVENUE

**\$41.1m**

(up 14% over pc<sup>1</sup>)

## OPERATING PROFIT

**\$8.0m**

(down 29% over pc<sup>1</sup>)<sup>2</sup>

## EBITDA<sup>1</sup>

**\$11.8m**

(down 19% over pc<sup>1</sup>)<sup>2</sup>

## OPERATING CASHFLOW

**\$7.5m**

(down 40% over pc<sup>1</sup>)

## INTERIM DIVIDEND

**1.20**

Cents per share

<sup>1</sup> EBITDA is a non-GAAP measure and is defined as earnings before net finance costs, income tax, depreciation and amortisation, acquisition expenses, capital gains / losses, impairment losses and equity accounted results from associates and joint venture companies. Depreciation and amortisation in the current period is \$3.7m (June 2018: \$3.1m after adjusting for NZ IFRS 16).

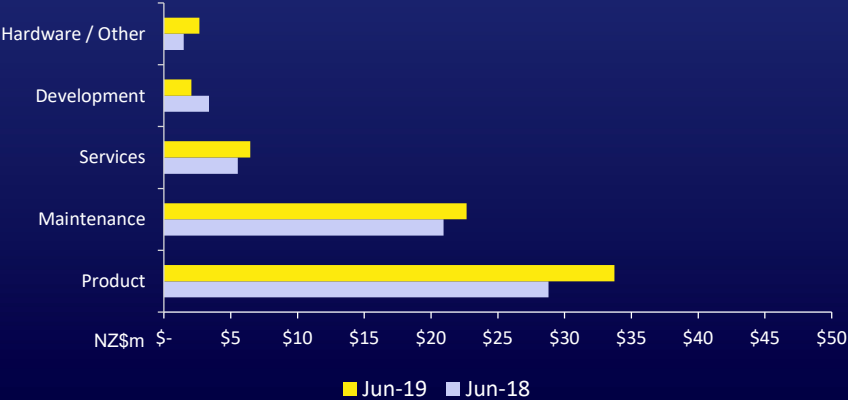
<sup>2</sup> In order to provide a like-for-like comparison, the prior year comparative period income statement has been adjusted for the impact of NZ IFRS 16 Leases.



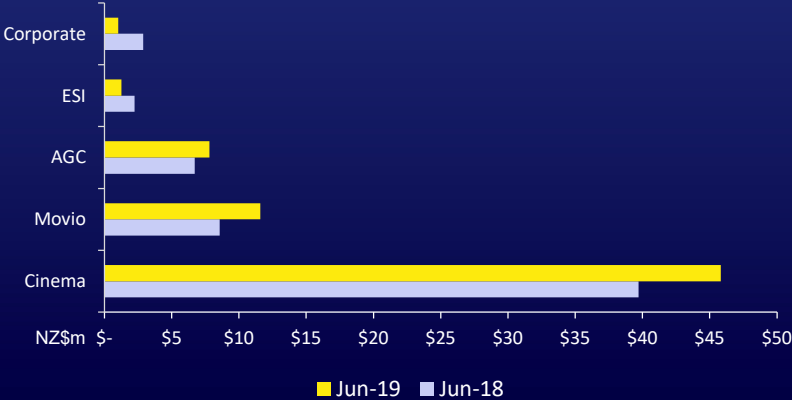
# REVENUE GROWTH



REVENUE GROWTH BY SOURCE OVER PCP



REVENUE GROWTH BY SEGMENT OVER PCP



# TRADING PERFORMANCE



NZ\$m	For six months ended		
	30 Jun 2019	30 Jun 2018 <sup>2</sup>	% Change
Revenue	67.5	60.1	12%
Expenses	59.5	49.6	20%
Foreign exchange gains	-	(0.8)	
<b>OPERATING PROFIT</b>	<b>8.0</b>	<b>11.3</b>	<b>(29%)</b>
Net financing costs	(0.4)	(0.5)	
Share of loss from associates and joint ventures	(1.5)	(1.7)	
Capital gain – Stardust loss of control	0.1	-	
<b>PROFIT BEFORE TAX</b>	<b>6.2</b>	<b>9.1</b>	<b>(32%)</b>
<b>PROFIT ATTRIBUTABLE TO SHAREHOLDERS</b>	<b>4.0</b>	<b>5.2</b>	<b>(23%)</b>
<b>EBITDA<sup>1</sup></b>	<b>11.8</b>	<b>14.6</b>	<b>(19%)</b>

Strong revenue growth from core businesses.

Expenses up 20% chiefly comprising a continued investment in staffing, additional cost of sales (Cinema hardware and Movio), and LTI programs for key executives.

Core businesses EBITDA margin sustained, but Vista Group profit and EBITDA impacted by revenue reductions from Vista China and MX and adverse FX movement compared to pcp.

<sup>1</sup> EBITDA is a non-GAAP measure and is defined as earnings before net finance costs, income tax, depreciation and amortisation, acquisition expenses, capital gains / losses, impairment losses and equity accounted results from associates and joint venture companies. Depreciation and amortisation for the current period is \$3.7m (June 2018: \$3.1m after adjusting for NZ IFRS 16).

<sup>2</sup> In order to provide a like-for-like comparison, the prior year comparative period has been adjusted for the impact of NZ IFRS 16 Leases.

# OPERATING SEGMENTS – H1 2019



2019 (NZ\$m)	Cinema	Movio	Additional Group Companies	Early Stage Investments	Corporate	Total
Revenue	45.8	11.6	7.8	1.3	1.0	67.5
EBITDA <sup>1</sup>	15.7	2.3	0.6	(1.0)	(5.8)	11.8
EBITDA margin	34%	20%	7%	(79%)		18%

2018 (NZ\$m) <sup>2</sup>	Cinema	Movio	Additional Group Companies	Early Stage Investments	Corporate	Total
Revenue	39.7	8.6	6.7	2.2	2.9	60.1
EBITDA <sup>1</sup>	13.9	1.6	0.8	0.5	(2.2)	14.6
EBITDA margin	35%	19%	12%	20%		24%

Movio delivered a strong first half performance resulting in revenue growth of 35% and an EBITDA increase of 42%.

Cinema segment revenue and EBITDA grew 15% and 13% respectively, demonstrating sustained growth.

Sustained EBITDA margins in core businesses, Cinema 34%, Movio 20%.

China localisation revenue, which was completed in 2018, is reported in the Corporate segment. The only remaining revenue in this segment relates to maintenance revenue from Vista China.

<sup>1</sup> EBITDA is a non-GAAP measure and is defined as earnings before net finance costs, income tax, depreciation and amortisation, acquisition expenses, capital gains / losses, impairment losses and equity accounted results from associates and joint venture companies. Depreciation and amortisation for the current period is \$3.7m (June 2018: \$3.1m after adjusting for NZ IFRS 16).

<sup>2</sup> In order to provide a like-for-like comparison, the prior year comparative period has been adjusted for the impact of NZ IFRS 16 Leases.

# FINANCIAL POSITION



NZ\$m	30 Jun 2019	31 Dec 2018
<b>CURRENT ASSETS</b>	<b>84.7</b>	<b>96.6</b>
Cash	24.8	34.4
Trade & other receivables	59.9	62.2
<b>NON CURRENT ASSETS</b>	<b>134.4</b>	<b>124.5</b>
Property, plant & equipment	5.6	5.4
Lease assets	4.7	-
Investment in associates & joint ventures	32.2	31.9
Intangible assets	86.6	84.4
Deferred tax asset	5.3	2.8
<b>TOTAL ASSETS</b>	<b>219.1</b>	<b>221.1</b>
Current liabilities	41.4	43.7
Non-current borrowings	11.7	11.9
Other non-current liabilities	7.0	6.1
<b>TOTAL LIABILITIES</b>	<b>60.1</b>	<b>61.7</b>
<b>NET ASSETS</b>	<b>158.9</b>	<b>159.4</b>
Share capital	61.6	59.4
Retained earnings and other reserves	86.1	86.8
Non controlling interests	11.2	13.2
<b>TOTAL EQUITY</b>	<b>158.9</b>	<b>159.4</b>

Strong balance sheet maintained, giving capacity to take advantage of new opportunities and development, as well as support the dividend program.

Contributors to the decrease in cash balance include the settlement of the intercompany balances with Vista China, fit-out costs for the new Los Angeles office, and the deconsolidation of the Stardust cash.

Per IFRS16 lease assets and liabilities have been recognised for the first time in 2019, with a \$0.2m adverse impact to net assets at 30 June 2019.

Increase in intangibles driven by further capitalisation of internally generated software, offset by the derecognition of Stardust balances.

Associates and joint ventures now includes Stardust, with its results no longer being consolidated.

# CASH FLOW



NZ\$m	30 Jun 2019	30 Jun 2018
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>	<b>7.5</b>	<b>12.5</b>
Receipts from customers	74.4	61.2
Payments to suppliers and staff	(60.5)	(42.8)
Tax & interest	(6.4)	(5.9)
<b>CASHFLOWS FROM INVESTING ACTIVITIES</b>	<b>(11.0)</b>	<b>(4.6)</b>
Investments in internally generated software	(5.8)	(4.0)
Derecognition of Stardust cash balances	(1.5)	-
Other investing activities	(3.7)	(0.6)
<b>CASHFLOWS FROM FINANCING ACTIVITIES</b>	<b>(6.1)</b>	<b>(3.2)</b>
Reduction of lease liability	(1.9)	-
Dividends paid to VGL shareholders	(3.5)	(2.9)
Other financing activities	(0.7)	(0.3)
<b>NET MOVEMENT IN CASH</b>	<b>(9.6)</b>	<b>4.7</b>
Cash at beginning of the period	34.4	21.0
Foreign exchange differences	-	0.6
<b>CASH AT END OF THE PERIOD</b>	<b>24.8</b>	<b>26.3</b>

22% increase in receipts from customers driven by increased revenues and the one-off receipt of the Vista China receivable.

Increased payments to suppliers and staff includes increased hardware cost of sales, the one-off payment of Vista China payables, and VAT paid on 2018 receivables.

Continued investment in internally generated software – primarily new products.

Other investing activities includes \$2.4m property plant and equipment, primarily related to the fit-out of the new Los Angeles office.

The fully imputed 2018 final dividend of 2.10 cents per share was paid in March, representing a 21% increase from the 2017 final dividend.

# INTERIM DIVIDEND



- The company will pay an interim dividend of 1.2 cents per share, carrying full New Zealand imputation credits, representing a total payment of \$2.0m
- The dividend is at the top of Vista Group's dividend policy range (50% of NPAT)
- The record date for the dividend will be 5pm on **Friday, 13 September 2019**
- The payment date for the dividend will be **Friday, 27 September 2019.**





# OPERATIONAL HIGHLIGHTS



# CINEMA SEGMENT



**\$45.8M** REVENUE  
GROWTH +15%

**\$15.7M** EBITDA<sup>1</sup>  
GROWTH +13%



## Vista Cinema provides cinema management software to the world's largest cinema exhibitors

- 481 new sites in H1 2019 (including 89 sites in China), total now 7,683 sites
- Enterprise (+20 screens) market share 39.4% – excluding China 49.9%
- Total Market share (all cinemas) 30.3% - excluding China 39.0%
- Continued new product innovation – Serve (handheld server app), Horizon (full fidelity data warehouse) and CXM (full digital offering)
- Additional revenue stream from 3<sup>rd</sup> parties \$2.5m
- Agreements reached to transition reseller arrangements in Spain and South-East Asia
- Opportunities of scale in Brazil, Germany, Japan, and Eastern Europe.

**99**

COUNTRIES

**49.9%**

+20 MARKET SHARE.  
EXCLUDING CHINA

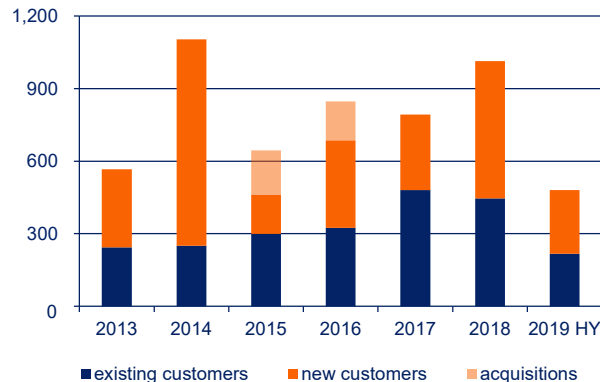
**7%**

GROWTH IN TOTAL  
SITES TO 7,683

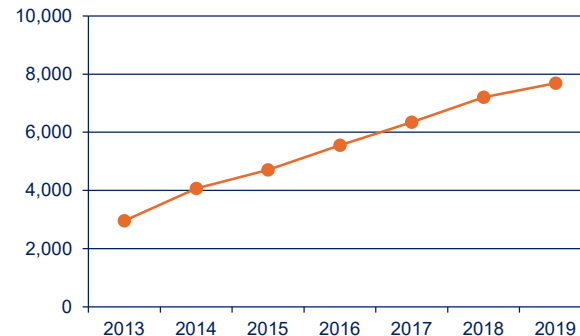
**34%**

EBITDA%

### NEW SITES ADDED



### TOTAL SITE COUNT

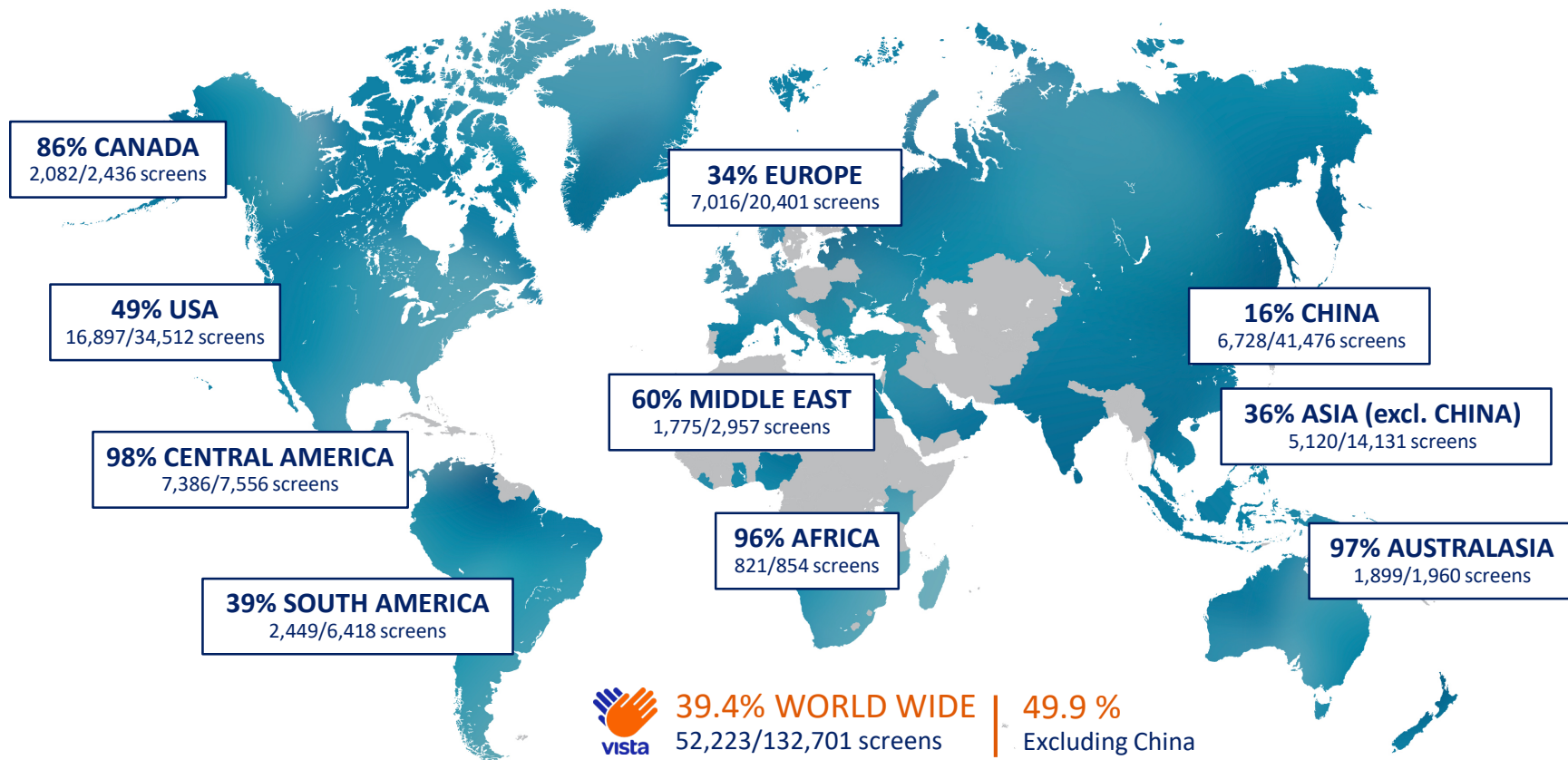


<sup>1</sup> In order to provide a like-for-like comparison, the prior year comparative period has been adjusted for the impact of NZ IFRS 16 Leases.



# VISTA CINEMA WORLD SHARE

Vista Cinema percentage of the worldwide Enterprise segment (cinema exhibition companies with 20+ screens)



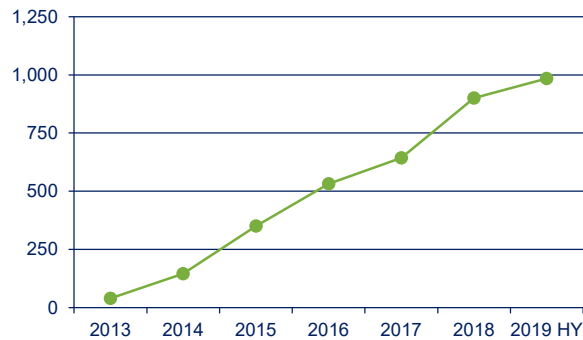
# CINEMA SEGMENT - CONTINUED



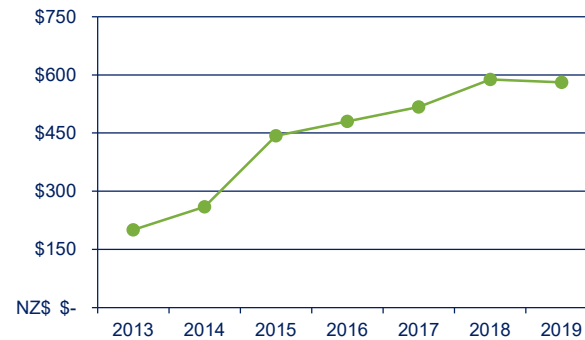
## Provides cinema management software to the world's independent cinema exhibitors

- 83 new sites bring total site numbers to 984 – including China
- Revenue/site slightly lower at \$581 per month – sensitive to Box Office variation
- USA growth driven by wins against generic POS
- Veezi now present in 45 countries.

VEEZI – TOTAL SITE COUNT



AVERAGE REVENUE PER MONTH



**266**

CUSTOMERS  
USING VGC

**24%**

REVENUE  
GROWTH



**GLOBAL LEADER IN DATA-DRIVEN MARKETING, PROVIDING PRODUCTS AND SERVICES TO EXHIBITORS, STUDIOS AND FILM ADVERTISING SPECIALISTS**

## H1 HIGHLIGHTS

### Movio Cinema

- Successful implementation of Aeon, Movio's first Japanese cinema exhibitor
- Regional growth in LATAM of 43% and EMEA of 41% over pcp, increasing global footprint to 55 countries
- Adoption of Innovation Pricing<sup>1</sup> contracts increased from 25 to 47 during H1.

### Movio Media

- Research revenue increased 118% over pcp, with the renewed contracts with Amazon, Warner Bros. and Viacom
- UK rollout ahead of schedule, with the Digital, Direct and Research product offerings all live in market, with STX signed.

## H1 2019 V H1 2018 PERFORMANCE METRICS

**73%**

Growth in Movio  
Media revenue

**9%**

Growth in Connected  
Moviegoers<sup>2</sup> to 9M

**14%**

Growth in Movio Cinema  
revenue

**24%**

Growth in Connections<sup>3</sup> to  
1.3B

<sup>1</sup> Innovation Pricing provides Movio Cinema latest innovation for a fixed annual increase of circa 7%.

<sup>2</sup> Connected Moviegoers are the subset of Active Moviegoers available for digital campaigns.

<sup>3</sup> Connections are all SMS, mobile push, email and programmatic digital communications generated by Movio.

<sup>4</sup> In order to provide a like-for-like comparison, the prior year comparative period has been adjusted for the impact of NZ IFRS 16 Leases.



## CRITICAL KPI'S & GROWTH DRIVERS

### Increase volume – Active Moviegoers<sup>2</sup>

- Research confirmed cinema exhibitors using Movio Cinema saw global box office uplift of USD227M in 2018<sup>1</sup>
- Implementation of the recently deployed non-member solution allowing exhibitors to build moviegoer profiles based on online ticket purchases of non-loyalty members.

### Increase Revenue per Active Moviegoer<sup>2</sup>

- Global adoption of 'Innovation Pricing'
- Continued iteration and territory expansion of the Movio Media Digital Campaign platform, enabling rapid deployment of digital marketing campaigns already available in the US and UK.

Region	ACTIVE MOVIEGOERS [ MILLIONS ]			REV / ACTIVE MOVIEGOERS [ NZ CENTS ]		
	H1 2018	H1 2019	Growth	H1 2018	H1 2019	Growth
USA	20	20	0%	28	39	40%
Rest of World	22	26	17%	14	15	6%
Global	42	46	8%	20	25	27%

<sup>1</sup> Research validated by Professor Donald Rubin, Emeritus Professor of Statistics, Harvard University.

<sup>2</sup> Active Moviegoer is a moviegoer who has purchased at least one ticket to a movie from a participating exhibitor during the most recent rolling 12-month period.

# ADDITIONAL GROUP COMPANIES (AGC) SEGMENT



**\$7.8M** REVENUE  
GROWTH +16%

**\$0.6M** EBITDA <sup>1</sup>  
DOWN 29%

## POWSTER

### World leading film marketing products

- Slow start – 8% revenue growth over pcp
- Created 19% more movie destination sites in H1 2019
- Increase of 46% in views of sites over pcp
- 'Trailerred' site launched to strong interest
- Strong pipeline of Facebook 'Messenger' opportunities.

## maccs

### World leading theatrical distribution software

- 30% revenue growth over pcp – close to break-even EBITDA
- More new customers signed in H1 2019 than in all of 2018
- Joint sales propositions with Numero / MaccsBox.

## FLICKS

### Movie and cinema review and showtime guide

- Unique visitors up 24% across New Zealand and Australia over pcp
- Revenue increase 24% over pcp
- Extending the lead as the largest independent movie site in Australasia.

<sup>1</sup> In order to provide a like-for-like comparison, the prior year comparative period has been adjusted for the impact of NZ IFRS 16 Leases.

# EARLY STAGE INVESTMENTS (ESI) SEGMENT



**\$1.3M** REVENUE  
DOWN 44%

**(\$1.0M)** EBITDA  
LOSS



CINEMA INTELLIGENCE

**Software to optimise film forecasting and scheduling**

- Slow start to 2019 with key projects slipping into H2
- Penetration of Vista Cinema customer base at 6% – big runway ahead
- Key integrations with Vista Cinema products complete – with Film Manager and MovieTeam.



movieXchange

**A platform to share film digital assets & enable new cinema ticketing sales channels**

- MX Film good progress – servicing 10,000 screens with content – and integrating with group companies to deliver consistent film database
- Drop in MX Tickets revenue due to demise of MoviePass.

# ASSOCIATE AND JOINT VENTURE COMPANIES



## Box office tracking and reporting product

- Overall business approaching break-even
- International dashboards now live in 21 countries
- USA coverage significantly increased
- Revenue growth 44% over pcp
- Numero requires ongoing support from Vista Group – provision made for all advances during 2019.



## Social app to share video reaction to movies and TV shows

- Stardust became associate company in February 2019
- Continued development of features to grow user count.

# ASSOCIATE AND JOINT VENTURE COMPANIES



## Performance

- Revenue of NZD9.1m, 4% up on the pcp, profitable at EBITDA level (operating loss after prior period tax adjustment)
- 89 new sites added – 41% from existing customers. Total sites now 1,047
- Vista China market share of Enterprise segment estimated as 16.2%
- Top 5 circuit Stellar rollout ongoing.

## China film industry

- Continued domination by 3<sup>rd</sup> party ticket sellers – Maoyan and Tao Piaopiao remain the top 2
- 3,492 new cinema screens were built in 1<sup>st</sup> half 2019, taking the total to nearly 65,000.

## Update on structure

- We are in advanced negotiations with Weying (our partner) to purchase an increased stake in Vista China
- This will enable consolidation of Vista China into the Vista Group's results
- We anticipate increasing our banking facilities in order to fund this purchase
- Transactions are subject to reaching final agreement and obtaining regulatory approvals – timing uncertain.



# OUTLOOK



- We are targeting revenue growth for the core businesses – Vista Cinema and Movio combined – to be in the region of 14-18% for 2019 with a continuation of the strong H1 EBITDA performance
- We are targeting overall Vista Group revenue growth for 2019 to be in the region of 10-12% chiefly influenced by the continuation of reduction in revenue from movieXchange and Vista China, and the delay in consolidation of Numero
- Over time we will be targeting Vista Group revenue growth in the region of 13% to 18% as the business grows (excluding any acquisitions)
- We expect Vista China to continue perform well in a challenging market
- The Executive Team and Board are unanimous in their support for accelerating the transformation of Vista Cinema to a pure SaaS future.




# TRANSFORMATION OF VISTA CINEMA TO SAAS



**We are very pleased to have the unanimous support of the Executive Team and Board in accelerating the transformation of Vista Cinema to a pure SaaS future**

- Vista Cinema is committed to investing to significantly accelerate the transformation to SaaS
- The acceleration is being driven by strong demand from customers and prospects
- Significant engineering, commercial, and organisational change is under way and will continue
- The faster we achieve the transformation – the faster the benefits accrue – for our customers, for our people, for Vista Group, and for our shareholders.



**Our goal is to deliver a multi-tenant SaaS product for cinema circuits and cinemas of all sizes.**

# DEFINITIONS



Concept	License Type	Where is the software	Who manages the software	Copies of the software	Incremental Revenue for Vista
On Premises	Perpetual	Customer premises	Customer	One per customer	No
Subscription	Right to use	Varies	Customer	One per customer	Yes – over time
Hosted	Varies	Public or private cloud	Customer	One per customer	No
Managed	Varies	Public or private cloud	Vista	One per customer	Yes – immediately
SaaS	Right to use	Public or private cloud	Vista	One per customer	Yes – immediately
SaaS Multi-tenant	Right to use	Public or private cloud	Vista	One per many customers	Yes – immediately

# BACKGROUND – PROGRESS TO DATE



- Our initial objective was to offer customers choice
- The project was initiated on a BAU basis – i.e. in parallel with ‘normal’ business. This has still been the case in H1 2019
- We have not been working to a specific timeframe as initial indications were that customers were uncertain. They are now very supportive
- We have made significant progress since early 2017 with transformation of a large number of Client Server (C/S) apps and a lot of underlying engineering.

Year	2017	2018	2019
What we said	Offer customers choice – on premises or hosted	Application is Hostable	Application Hostable & Managed
Milestones	Back Office converted to browser	First Customers live – hosted	First customers live – managed. 12% of sites on subscription.
Work	Convert C/S apps to Browser Engineering for Hosting	Convert C/S apps to Browser Engineering for Hosting	Convert C/S apps to Browser Engineering for Hosting



## INNOVATION

### ON PREMISES

Implementing  
innovation requires  
upgrade

### CLOUD / SAAS

Increased  
velocity of  
product changes



### BENEFIT TO CLIENTS

Speed of  
updating delivers  
innovation  
constantly



### BENEFIT TO VISTA CINEMA

Investment in  
innovation  
valued more  
highly



### BENEFIT TO VISTA CINEMA

Much easier to  
upgrade and  
cross sell  
modules



## ACCESSIBILITY

### ON PREMISES

Implementation  
requires new  
equipment and  
software downloads

### CLOUD / SAAS

Access for new  
cinemas and  
users can be as  
simple as a  
browser

### BENEFIT TO CLIENTS

Able to expand  
use more easily

### BENEFIT TO VISTA CINEMA

Customers able  
to expand use  
more easily

### BENEFIT TO VISTA CINEMA

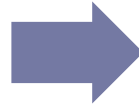
New customers  
can get live  
faster

# OUR TIMETABLE



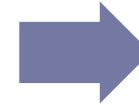
**2019**

- Resource additional project teams
- Resource management teams
- Build pipeline of managed service prospects – both new and existing
- Continue engineering.



**2020**

- Continue Engineering – including some outsourced
- Complete browser / app transformation
- Prioritise subscription based managed services offers
- Year of maximum investment in transformation.



**2021**

- Multi-tenant SaaS in market during 2021
- Encourage SaaS as first choice with customers and prospects
- Review low cost offering for independent cinemas.

# TRANSFORMATION OF VISTA CINEMA



The benefits of a multi-tenant SaaS product offering are well understood, they include:

- It creates the platform for operating leverage for Vista Cinema. We expect ongoing improvement in EBITDA quality
- It will enable customers to benefit much more quickly from Vista Cinema innovation
- It will increase the ease with which customers can sign up to other Vista Group company offerings
- It will enable Vista Cinema to continue to attract top technical and design talent.

We are investing to accelerate delivery of these benefits and to provide greater certainty in timing for our customers.





# SUMMARY



- Our core businesses (Vista Cinema and Movio) are in excellent shape, and the outlook for them is strong
- We are setting a timetable and commitment to transform Vista Cinema to a pure SaaS future as quickly as we can
- We are very pleased at the prospect of Vista China 're-joining the family'
- We have a strong balance sheet, strong client relationships, and a great future with new products and the transformation of Vista Cinema.



# QUESTIONS



# THANK YOU

