

## Vizrt Reports Q3 and 9M 2014 Results

Continued increase in profitability  
Cash generation from operating activities at  
all time high

Bergen, Norway, November 13, 2014. Vizrt Ltd. (Oslo Main List: VIZ)

Vizrt today reported its financial results for the third quarter and the first nine months of 2014.

## THIRD QUARTER HIGHLIGHTS

- Quarterly revenues of MUSD 35.2, up 9% compared to Q3 2013.
- EBITDA of MUSD 8.4, corresponding to a 24% margin, up 25% compared to MUSD 6.7 (21%) in Q3 2013.
- Cash generation from operating activities of MUSD 15.0, up 174% compared to MUSD 5.5 in Q3 2013.

## FIRST 9M 2014 HIGHLIGHTS

- Revenues of MUSD 105.3, up 18% compared to 9M 2013.
- EBITDA of MUSD 23.4, corresponding to a 22% margin, up 39% compared to MUSD 16.9 (19%) in 9M 2013.
- Cash generation from operating activities of MUSD 28.0 (adjusted for MUSD 18.0 one-off taxes on income paid as part of the settlement reached with the Israeli tax authorities in Q2 2014), up 125%, as compared to MUSD 12.5 in 9M 2013.

## BUSINESS HIGHLIGHTS

- MUSD 2.6 of the BG revenue increase Q-o-Q is attributable to organic growth and MUSD 2.0 attributable to the Mosart acquisition.
- EMEA and AMECS were the main contributors to Q-o-Q revenue increase, both achieving double digit growth rates.
- The improvement in profitability was mainly due to a change in product mix away from hardware, less transactions related costs and lower headcount related to MAM projects delivery.
- The very strong cash generation from operating activities is attributable mainly to accelerated collection from customers, partially compensating for slower collection during Q2 2014. Consequently, account receivables decreased by MUSD 6.7, as compared to June 30, 2014.
- Vizrt launched Viz Opus, a complete broadcast control solution running from a single system, and Viz Multiplay, a control system for a variable number of studio screens, during IBC. Viz Opus has won the News Technology Award in October.
- Solid backlog of MUSD 50.8.

## MANAGEMENT SUMMARY AND OUTLOOK

Martin Burkhalter, Vizrt's CEO, stated: "We are pleased with our results, showing continued strong revenue growth and a significant improvement of our profitability. Q-o-Q growth was driven primarily by EMEA and AMECS, which both recorded double digit growth rates."

"In product terms, BG remains our growth engine, strengthened by the addition of Mosart. Revenues from MAM related projects for the first nine months of 2014, however, fell by 14% compared to last year, which was attributable mainly to a cancelled project in Eastern Europe late in 2013 and delays in delivery of projects in Thailand in the first six months of this year. Even though we do not expect a major improvement of the MAM results during Q4, we are seeing more strength building up in our MAM pipeline. We are confident that once the majority of broadcasters and other content owners start to switch from tape-based archiving to digital systems, Vizrt holds prime position to benefit from this momentum."

"Our strong growth during the first nine months of the year also boosted profitability, with a gross margin of 69%, up from 67% last year. Our EBITDA margin in Q3 was 24%, up 3 percentage points from 21% in Q3 13. For the first nine months the EBITDA margin was 22% as compared to 19% for the same period in 2013. Aside from business growth in general, the strong improvement in profitability was due to a shift in the mix of products sold away from hardware, as well as due to lower headcount for MAM delivery and lower transaction-related costs."

"The recent IBC in Amsterdam was once again very successful for Vizrt, and an excellent opportunity to showcase our extensive product and solutions portfolio to the market. At the event, we introduced two brand new products, Viz Opus and Viz Multiplay, both attracting immediate strong interest from customers. The compact, quickly to install and intuitive to use control room system, Viz Opus, has won the News Technology Award presented by Broadcasting & Cable and TV Technology in October. Viz Opus offers broadcasters a quickly deployable, easy to use, fully integrated, compact control room in one system. In addition Vizrt and Sky Sports Monday Night Football won the IBC 2014 Innovation Award."

Mr. Burkhalter concluded: "The acquisition of Mosart has broadened our already impressive product portfolio. The launch of Viz Opus signifies the first step on the innovation roadmap resulting from the integration of Mosart and Vizrt technology. With a customer base that needs to invest continuously in broadcast technology in order to maintain their competitive position in their respective markets, Vizrt has become the de-facto partner to deliver innovative solutions that meet current technology and economic needs, while being easy to adapt for future developments."

"We anticipate market conditions to remain stable in the coming months, with the exception of Eastern Europe. Based on a healthy backlog, which as of November 12, 2014, stood at MUSD 50.8, we expect to meet our annual growth targets."

## FINANCIAL REVIEW Q3 AND 9M 2014

### RESULTS OVERVIEW

In KUSD	Q3 2014	Q3 2013	Change in %	Q2 2014	Change in %	9M 2014	9M 2013	Change in %
<b>Revenue</b>	<b>35,193</b>	32,381	9%	<b>36,388</b>	-3%	<b>105,305</b>	89,087	18%
<b>Gross Profit</b>	<b>25,158</b>	21,974	14%	<b>24,765</b>	2%	<b>73,076</b>	59,659	22%
<i>Gross Margin</i>	<i>71%</i>	<i>68%</i>		<i>68%</i>		<i>69%</i>	<i>67%</i>	
<b>EBIT</b>	<b>7,221</b>	<b>5,801</b>	<b>24%</b>	<b>6,644</b>	<b>9%</b>	<b>19,862</b>	13,784	<b>44%</b>
<i>EBIT Margin</i>	<i>21%</i>	<i>18%</i>		<i>18%</i>		<i>19%</i>	<i>15%</i>	
<b>EBITDA</b>	<b>8,436</b>	6,725	25%	<b>7,996</b>	6%	<b>23,448</b>	16,854	39%
<i>EBITDA Margin</i>	<i>24%</i>	<i>21%</i>		<i>22%</i>		<i>22%</i>	<i>19%</i>	
<b>Cash Flow from operating activities</b>	<b>14,961</b>	5,452	174%	<b>(13,863)</b>	N/A	<b>10,076</b>	12,462	-19%
<b>Adjusted cash Flow from operating activities*</b>	<b>14,961</b>	5,452	174%	<b>4,105</b>	<b>264%</b>	<b>28,044</b>	12,462	<b>125%</b>

\* Q2 2014 and 9M 2014 adjusted for MUSD 18.0 taxes on income paid as part of the settlement with the Israeli tax authorities.

## Product lines breakdown of revenues

In KUSD	Q3 2014	Q3 2013	Change in %	Q2 2014	Change in %	9M 2014	9M 2013	Change in %
BG	30,530	25,894	18%	31,356	-3%	91,231	72,736	25%
MAM	4,663	6,487	-28%	5,032	-7%	14,074	16,351	-14%
<b>Revenues</b>	<b>35,193</b>	<b>32,381</b>	<b>9%</b>	<b>36,388</b>	<b>-3%</b>	<b>105,305</b>	<b>89,087</b>	<b>18%</b>

BG and MAM revenues in Q3 2014, accounted for 87% and 13% of total revenues, respectively, as compared to 80% and 20%, respectively, in Q3 2013.

## Geographic breakdown of revenues

In KUSD	Q3 2014	Q3 2013	Change in %	Q2 2014	Change in %	9M 2014	9M 2013	Change in %
EMEA	16,726	14,813	13%	17,695	-5%	50,480	37,604	34%
AMECS	10,294	9,201	12%	8,986	15%	28,351	27,700	2%
APAC	8,173	8,367	-2%	9,707	-16%	26,474	23,783	11%
<b>Revenues</b>	<b>35,193</b>	<b>32,381</b>	<b>9%</b>	<b>36,388</b>	<b>-3%</b>	<b>105,305</b>	<b>89,087</b>	<b>18%</b>

Revenues in EMEA, AMECS and APAC, accounted for 48%, 29% and 23% of Q3 2014 total revenues, respectively, as compared to 46%, 28% and 26%, respectively, in Q3 2013.

## Operating expenses

In KUSD	Q3 2014	Q3 2013	Change in %	Q2 2014	Change in %	9M 2014	9M 2013	Change in %
R&D	5,692	4,650	22%	5,779	-2%	16,980	13,493	26%
S&M	8,965	8,931	0%	9,152	-2%	26,712	24,480	9%
G&A	3,280	2,592	27%	3,190	3%	9,522	7,902	21%
<b>OPEX</b>	<b>17,937</b>	<b>16,173</b>	<b>11%</b>	<b>18,121</b>	<b>-1%</b>	<b>53,214</b>	<b>45,875</b>	<b>16%</b>

The increase in OPEX for Q3 2014, as compared to Q3 2013, is attributable mainly to the consolidation of Mosart starting from March 11, 2014, as well as to the variable compensation component based on annual targets and headcount related costs whereas lower transactions related costs offset this increase. OPEX stayed at a similar level compared to Q2 2014.

## Currency effects

Exchange rate fluctuations in the USD versus the other main currencies Vizrt deals with (Euro, NOK, SEK, THB, AUD) did not materially affect revenues as compared to the revenues reported for Q3 2013.

## Order backlog

Order backlog as of November 12, 2014, reached a level of MUSD 50.8, up 11%, compared to MUSD 45.6 at same time LY, and down 2% compared to the Q2 2014 results release date. BG backlog was at MUSD 36.9 and MAM backlog at MUSD 13.9. BG backlog was up 34% compared to the same time LY, and MAM backlog was down 22%, compared to the same time LY. The increase in the BG backlog is mainly attributed to the inclusion of Mosart in the backlog starting from the Q2 2014 results announcement.

## Balance sheet, cash flow and liquidity

Adjusted cash flow generation from operating activities in Q3 2014 was MUSD 15.0, up 174% compared to MUSD 5.5 in Q3 2013. The very strong cash generation from operating activities is attributable mainly to accelerated collection from customers, partially compensating for slower collection in Q2 2014. As a result, account receivables decreased by MUSD 6.7 from June 30, 2014 to September 30, 2014.

Vizrt has a strong financial position with no interest-bearing debt and a net cash position of MUSD 50.8 as of September 30, 2014 (including MUSD 0.2 restricted cash), compared to MUSD 61.1 as of December 31, 2013 (including MUSD 0.2 restricted cash).

The Company's cash position increased by MUSD 26.1, as compared to December 31, 2013, adjusted for the ITA cash settlement of MUSD 18.0, the net cash consideration for the Mosart acquisition of MUSD 16.8, the gross dividend pay-out of MUSD 3.6, and the MUSD 2.0 consideration received for the Escenic divestiture.

Shareholders' equity as of September 30, 2014 was MUSD 97.2, which is equivalent to an equity ratio of 70.1%.

## Taxes

Taxes on income for Q3 2014 amounted to MUSD 1.9, reflecting an effective tax rate of 26%, as compared to adjusted tax of MUSD 1.6 (27%) for Q3 2013 (adjusted for a one-off MUSD 1.8 tax payment on special dividend distributed in Q3 2013).

## Organization

At the end of Q3 2014, the Company had 586 employees compared to 536 at the end of Q3 2013. 24 employees were added following the Mosart acquisition in Q1 2014.

## ANALYST CONFERENCE

An analyst conference will be held on November 13, 2014 at 09:30 a.m. (CET) at the DNB Markets Head Office, Dronning Eufemias gate 30, Bjørvika, 0191 Oslo, Norway.

Management will furthermore discuss the results in a conference call at 13:15 p.m. (CET). Call details are as follows:

+ 47 24 159584 (Norway)  
+ 44 203 3679216 (UK)  
+49 69 247501895 (Germany)

A recording of the call will be available at the Company's website:

<http://www.vizrt.com/company/presentations/>

## Contacts

<b>Martin Burkhalter</b> CEO +41 79 795 24 48 <a href="mailto:mbu@vizrt.com">mbu@vizrt.com</a>	<b>Tomer Wald</b> CFO +4420 3289 6415 <a href="mailto:tow@vizrt.com">tow@vizrt.com</a>	<b>SCHWARZ Financial Communication</b> Frank Schwarz +49 611 1745 398 11 <a href="mailto:schwarz@schwarzfinancial.com">schwarz@schwarzfinancial.com</a>
---	---	--

## SHAREHOLDER related Information

20 largest shareholders as of October 31, 2014

Shareholders	No. of shares	% of shares	Country	Account
DOROTHY HOLDING AB*	10,664,003	15.76	SWE	
HOME CAPITAL AS	4,828,429	7.13	NOR	
ODIN NORGE	4,032,513	5.96	NOR	
CLEARSTREAM BANKING	3,792,803	5.60	LUX	NOM
NORDEA NORDIC SMALL	3,495,021	5.16	FIN	
KLP AKSJE NORGE VPF	2,062,049	3.05	NOR	
VPF NORDEA KAPITAL C/O JPMORGAN EUROPE	1,856,794	2.74	NOR	
KOMMUNAL LANDSPENSJO	1,459,849	2.16	NOR	
VPF NORDEA NORGE VER C/O JPMORGAN EUROPE	1,445,912	2.14	NOR	
THREAD - EUROPEAN SM C/O CITIBANK NA	1,392,338	2.06	GBR	
VERDIPAPIRFONDET ALF	1,352,361	2.00	NOR	
J.P. Morgan Chase Ba NORDEA TREATY ACCOUN	1,307,604	1.93	GBR	NOM
ARCTIC FUNDS PLC BNY MELLON SA/NV	1,304,710	1.93	IRL	
JP Morgan Chase Bank HANDELSBANKEN NORDIC	1,300,000	1.92	SWE	NOM
PICTET & CIE BANQUIE CAT. 15% TAX	1,292,462	1.91	CHE	NOM
STATE STREET BANK AN A/C CLIENT OMNIBUS F	1,221,772	1.81	USA	NOM
FID. FUNDS-EUR. SM.	1,001,834	1.48	LUX	
VERDIPAPIRFONDET DNB	941,588	1.39	NOR	
VERDIPAPIRFONDET ALF	926,000	1.37	NOR	
Skandinaviska Enskil A/C CLIENTS ACCOUNT	901,803	1.33	SWE	NOM
<b>Sum of 20 largest shareholdings</b>	<b>46,579,845</b>	<b>68.83</b>		
<b>Total</b>	<b>67,680,138</b>	<b>100.00</b>		

\* Company controlled by a member of the Board.

Directors & Officers	859,759	1.27
Employees	1,503,643	2.22

This press release contains forward-looking statements with respect to the business, financial condition and results of operations of Vizrt and its affiliates. These statements are based on the current expectations or beliefs of Vizrt's management and are subject to a number of risks and uncertainties that could cause actual results or performance of the Company to differ materially from those contemplated in such forward-looking statements. These risks and uncertainties relate to changes in technology and market requirements, the company's concentration on one industry, decline in demand for the company's products and those of its affiliates, inability to timely develop and introduce new technologies, products and applications, and loss of market share and pressure on pricing resulting from competition, which could cause the actual results or performance of the company to differ materially from those contemplated in such forward-looking statements. Vizrt under takes no obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events

**VIZRT LTD.**  
**CONSOLIDATED STATEMENTS OF INCOME**

**U.S. dollars in thousands (except share and per share data)**

	Nine months ended September 30, 2014		Three months ended September 30, 2014		Year ended December 31, 2013
	2014	2013	2014	2013	
	Unaudited		Unaudited		Audited
<b><u>Continuing Operations</u></b>					
Revenues	\$105,305	\$89,087	\$35,193	\$32,381	\$122,412
Cost of revenues	32,229	29,428	10,035	10,407	39,654
Gross profit	73,076	59,659	25,158	21,974	82,758
Operating expenses:					
Research and development	16,980	13,493	5,692	4,650	19,017
General and administrative	9,522	7,902	3,280	2,592	10,859
Selling and marketing	26,712	24,480	8,965	8,931	32,457
Impairment of goodwill	-	-	-	-	4,918
<b>Total</b> operating expenses	<b>53,214</b>	<b>45,875</b>	<b>17,937</b>	<b>16,173</b>	<b>67,251</b>
Operating income	19,862	13,784	7,221	5,801	15,507
Financial expenses, net	(272)	(202)	(220)	(96)	(430)
Income before taxes	19,590	13,582	7,001	5,705	15,077
Taxes on income	8,132	5,941	1,851	3,374	9,607
Income before equity in losses of an affiliate company	11,458	7,641	5,150	2,331	5,470
Equity in gain(losses) of an affiliated company	(409)	(23)	-	14	(1,315)
Net income from continuing operations	<b>\$11,049</b>	<b>\$7,618</b>	<b>\$5,150</b>	<b>\$2,345</b>	<b>\$4,155</b>
<b><u>Discontinued Operations</u></b>					
Net loss from discontinued operations	-	631	-	137	580
Net income	<b>\$11,049</b>	<b>\$6,987</b>	<b>\$5,150</b>	<b>\$2,208</b>	<b>\$3,575</b>

**VIZRT LTD.**  
**CONSOLIDATED STATEMENTS OF INCOME**

U.S. dollars in thousands (except share and per share data)

Nine months ended September 30,		Three months ended September 30,		Year ended December 31,
2014	2013	2014	2013	2013
Unaudited		Unaudited		Audited

**Basic EPS**

Basic net income per share from continuing operations	\$0.16	\$0.11	\$0.08	\$0.03	\$0.06
Basic net loss per share from discontinued operations	\$0.00	\$0.01	\$0.00	\$0.00	\$0.01
Basic net income per share	\$0.16	\$0.10	\$0.08	\$0.03	\$0.05
Weighted average number of shares used in computing basic net income per share	67,587,258	67,011,122	67,669,278	67,250,614	67,116,043

**Diluted EPS**

Diluted net income per share from continuing operations	\$0.16	\$0.11	\$0.08	\$0.03	\$0.06
Diluted net loss per share from discontinued operations	\$0.00	\$0.01	\$0.00	\$0.00	(\$0.01)
Diluted net income loss per share	\$0.16	\$0.10	\$0.08	\$0.03	\$0.05
Weighted average number of shares used in computing diluted net income per share	68,278,269	67,990,392	68,345,289	67,956,018	68,374,137

**VIZRT LTD.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
U.S. dollars in thousands

	<b>September 30, 2014</b>	<b>December 31, 2013</b>
	<b>Unaudited</b>	<b>Audited</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and short-term deposits	\$50,561	\$60,866
Restricted cash	245	219
Trade receivables, net	26,652	29,824
Other accounts receivable and prepaid expenses	5,567	3,411
Inventories	4,134	4,283
Current assets held for sale	-	1,041
<b>TOTAL CURRENT ASSETS</b>	<b>87,159</b>	<b>99,644</b>
<b>NON-CURRENT ASSETS:</b>		
Deferred taxes	2,028	1,582
Other non-current assets	1,185	600
<b>TOTAL NON-CURRENT ASSETS</b>	<b>3,213</b>	<b>2,182</b>
<b>PROPERTY AND EQUIPMENT, NET</b>		
<b>INTANGIBLE ASSETS, NET</b>	<b>4,450</b>	<b>4,556</b>
<b>GOODWILL</b>	<b>9,468</b>	<b>3,205</b>
<b>TOTAL ASSETS</b>	<b>34,317</b>	<b>25,718</b>
	<b>\$138,607</b>	<b>\$135,305</b>

**VIZRT LTD.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
U.S. dollars in thousands

	September 30, 2014 Unaudited	December 31, 2013 Audited
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Trade payables	\$3,043	\$3,978
Deferred revenues	13,025	9,323
Employees and payroll accruals	7,217	5,166
Tax accruals	3,368	16,211
Other accounts payable and accrued expenses	5,538	4,020
Current liabilities held for sale	-	1,015
<b>TOTAL CURRENT LIABILITIES</b>	<u>32,191</u>	<u>39,713</u>
<b>NON-CURRENT LIABILITIES:</b>		
Deferred Taxes	7,134	2,767
Other non- current liabilities	2,067	1,870
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>9,201</u>	<u>4,637</u>
<b>SHAREHOLDERS' EQUITY:</b>		
Share capital	162	162
Additional paid-in capital	156,064	155,646
Accumulated other comprehensive loss	(3,629)	(2,004)
Accumulated deficit	(55,382)	(62,849)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<u>97,215</u>	<u>90,955</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<u><u>\$138,607</u></u>	<u><u>\$135,305</u></u>

**VIZRT LTD.**  
**CONSOLIDATED STATEMENTS OF CASH FLOW**  
**U.S. dollars in thousands**

	<b>Nine months ended September 30,</b>		<b>Year Ended December 31,</b>
	<b>2014</b>	<b>2013</b>	<b>2013</b>
	<b>Unaudited</b>		<b>Audited</b>
Net Income	\$11,049	\$6,987	\$3,575
Adjustments required to reconcile net income to net cash provided by operating activities:			
Stock-based compensation related to options and restricted shares	-	-	178
Depreciation and loss from disposal of property and equipment	1,680	1,729	2,442
Share of loss of an associate	409	23	1,315
Amortization of intangible assets	1,978	1,443	1,855
Impairment of goodwill and other assets	-	-	4,918
Changes in assets and liabilities:			
Accounts receivable and other receivables	1,646	900	(749)
Inventories	(114)	(1,274)	(1,028)
Deferred tax	1,910	(257)	(917)
Accounts payable and other liabilities	(8,482)	2,911	8,058
Cash flows from operating activities:	10,076	12,462	19,647
Cash flows used in investing activities:	(16,285)	(1,787)	(4,788)
Cash flows from used in financing activities:	(3,164)	(31,874)	(31,855)
Effect of exchange rate changes on cash and short term deposits	(932)	(127)	(184)
Decrease in cash and cash equivalent	(10,305)	(21,326)	(17,180)
Cash and short-term deposits at the beginning of the period	60,866	78,297	78,297
Cash and short-term deposits at the end of the period from continuing operations	\$50,561	\$56,971	\$61,117
Cash included in current assets held for sale	-	\$162	\$251
Cash and short-term deposits at the end of the period	\$50,561	\$56,809	\$60,866