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ASX Market Release

Catapult delivers solid H1 FY18 performance in line with expectations, reaffirms FY18 revenue and EBITDA guidance

Catapult Group International Limited (ASX:CAT, 'Catapult' or the 'Group') today announced its interim financial results for the half-year ended 31 December 2017 (H1 FY18).

Highlights

- Group revenue of \$32.4m, up 31% on H1 FY17 (14% on a pro-forma basis)
- Continued strong growth in Elite Wearables, including:
 - Elite Wearables revenue up 34% on H1 FY17 to \$14.2m
 - Elite Wearables ARR of \$20.9m as at 31 December 2017, up 22% on ARR at 31 December 2016
- Positive EBITDA from Elite Wearable and Elite Video segments
- Continued strong growth in Prosumer sales totalling 5,334 units in H1 FY18, up 365% on H1 FY17, ahead of global launch of next generation product
- Successful acquisition and integration of athlete management system (AMS) from SMG Technologies
- Commenced development of tactical analytics product ahead of the planned internationalisation of elite video platform in FY19
- Management confirms FY18 revenue guidance of A\$76m-\$81m expected to deliver positive underlying EBITDA

Catapult recorded the following key underlying and statutory results for FY17:

	H1 FY18	H1 FY17	Change
Statutory revenue	32.4	24.8	+31%
Statutory EBITDA	(5.2)	(1.6)	(219%)
Statutory net loss after tax	(14.1)	(5.3)	(164%)
Underlying EBITDA	(3.9)	1.8	(318%)

Commenting on the result, Catapult CEO Joe Powell said: "This is a very solid result for Catapult with group performance driven by the continued strong growth in our Elite Wearables business, which was up 34% on H1 FY17. Our Elite Video business continued to perform in line with our expectations as we continue our focus on the key product developments that will underpin its global expansion in FY19. We are also excited about the rapid rate of progress made in our other growth initiatives, including the acquisition and integration of AMS, and importantly our prosumer product which is in the final stages of development ahead of its global launch in soccer later this financial year."

H1 FY18 saw the Group make further progress to cement its long-term competitive advantages across its three strategic pillars, namely: (i) owning the performance technology stack in elite sports, (ii) exploring opportunities to commercialise our unique data sets in conjunction with leagues and other stakeholders, and (iii) leveraging our elite sports expertise and halo effect into the prosumer market.

Pillar 1: Owning the performance stack in elite sports

- Strong growth in elite wearables continues, in particular the subscription unit install base up 42% since H1 FY17

- Team subscriptions continue to be executed over three-year contract terms, with low churn
- Development of tactical analytics module for elite clients underway ahead of the planned internationalisation of elite video platform in FY19
- Acquisition and integration of AMS products complete
- Strong growth in penetration internationally, adding 138 more elite clients since 30 June 2017

Pillar 2: Data commercialisation

- Completed significant upgrade to proprietary owned Clearsky 2 and OptimEye tracking systems for live in-game use by teams, leagues and broadcasters
- First commercialised live-tracking data using Clearsky 2 at the 2017 NRL State of Origin Series
- Subsequently commercialised live-data from its Clearsky 2 and OptimEye tracking systems with the Australian Football League ('AFL') and Champion Data for the final eight rounds of the main season, plus all finals series games of the 2017 AFL championship season
- Successfully completed first data commercialisation directly with television broadcaster Nine Network for the 2017/18 international cricket series including The Ashes test series, five one day international matches and three T20 matches against England

Pillar 3: Prosumer market

- Significant progress made towards full launch of new prosumer product into global prosumer soccer market later in FY18
- Identified initial target of over 3 million customers for prosumer soccer product out of a total addressable 1 of 20 million in soccer alone
- H1 FY18 prosumer units sales of 5,334 units, up 365% on H1 FY17
- Major enhancements to prosumer product design and a re-engineered software platform near completion
- Transitioned to a new manufacturing supply chain and global third-party logistics to support prosumer scale and economics

Detailed financial results for H1 FY18 are set out below:

Summary P&L	H1 FY18 \$m	H1 FY17 \$m	Change %
Elite wearables revenue	14.2	10.6	34%
Elite video revenue	16.9	14.1	20%
New products revenue	1.3	0.0	n.m.
Total revenue	32.4	24.7	31%
Other income	-	0.1	n.m.
Total Income	32.4	24.9	30%
Cost of goods sold	(7.4)	(5.0)	(48%)
Operating expenses	(26.6)	(19.1)	(40%)
Depreciation and amortisation	(6.6)	(4.2)	(57%)
Other expenses	(3.6)	(4.1)	11%
Loss before income tax	(12.1)	(5.5)	(120%)
Income tax credit / (expense)	(2.0)	0.1	n.m.
Loss After income tax	(14.1)	(5.3)	(166%)

Set out below is a summary of the Group's key H1 FY18 achievements across our 3 strategic pillars:

Strong growth in Elite Wearables

The Group's elite wearables business reported revenue for H1 FY18 of \$14.2m, up 34% on H1 FY17 revenue of \$10.6m. Underlying this growth was the continued expansion of the Group's subscription fleet which totalled

15,763 units as at 31 December 2017, up 42% on the 11,125 units of as at 31 December 2016. Annualised recurring revenue ('ARR') generated by elite wearable subscriptions was \$20.9m as at 31 December 2017, up 22% on ARR as at 31 December 2016 of \$17.0m.

The Group sold 4,240 elite units for the period (up 10% on H1 FY17), including 2,794 elite subscription units and 1,446 elite capital units.

Substantial progress made towards internationalisation of Elite Video

During H1 FY18, the Group commenced the development of its tactical analytics module for elite clients. The planned product expansion is an emerging but likely to be an essential part of the elite technology stack that will leverage the Group's existing wearable and video platforms to equip coaches with a more data-science driven approach to key tactical considerations, such as analysing what decisions players made on the field, why and how the decisions were executed, how players have performed in relation to set tactics and in relation to their opposition's tactics.

The development of a tactical analytics platform is strategically significant as a key product differentiation for the existing elite video platform acquired by Catapult in July 2016. Catapult is expected to complete the first stage of its tactical analytics development and commence internationalisation of its elite video platform in FY19.

Acquisition and integration of Athlete Management System

On 4 August 2017, the Group acquired the *SportsMed Elite* and *Baseline* athlete management system products from SMG. This modularised cloud-based platform acts as a store of team data and information, including player wellness metrics, injury and medical records, wearable data, and video ('AMS').

The integration of an AMS into Catapult's existing product line is consistent with the first leg of Catapult's strategy – to own the performance technology stack for elite sport. Specifically, this integration:

- enables the creation of a parent layer application tying together Catapult's existing elite software products and expanding Catapult's analytics capabilities across multiple data sources beyond wearables data and video;
- widens the scope of Catapult's technology stack to include the measurement and analysis of both off-field and on-field data;
- delivers a number of new clients, compelling cross-sell and incremental revenue opportunities from existing clients, and a sales touchpoint for teams and leagues not currently using Catapult's family of products; and
- enables the storage of and access to broader data streams to feed advanced algorithms.

Six SMG employees, including AMS product, development, and support staff, transferred to Catapult as part of the transaction.

Investment in data commercialisation technology and services

The Group successfully partnered with a number of leagues and broadcast partners during the half and continues to develop and refine its data commercialisation model in line with the Group's strategy. For leagues and media, working with Catapult enables broadcast solutions that drive deeper fan engagement, new narratives for commentary, shoulder programming content and second screen metrics.

The group successfully partnered on data commercialisation initiatives with the NRL and the Nine Network for the 2017 NRL State of Origin Series, with the AFL and Champion Data for the last eight rounds and finals series of the 2017 AFL championship season, and with the Nine Network and Cricket Australia for England's 2017/18 Summer Tour of Australia.

Significant progress towards global launch of Prosumer soccer product in FY18

Catapult acquired 100% of PLAYERTEK in August 2016. Based in Ireland, PLAYERTEK had developed a wearable analytics product primarily targeted to amateur footballers and clubs/organisations.

During H1 FY18, the Group continued investing in the development of its next generation prosumer product with major enhancements to product design and a reengineered software platform which is nearing completion. The Group also undertook a detailed market study which assessed the global addressable market for prosumer soccer players. As a result, the Group has identified an initial target of over 3 million customers for its prosumer soccer product out of a total addressable market of 20 million in soccer alone.

During H1 FY18, PLAYERTEK also achieved unit sales totalling 5,334 units, a 365% increase to the 1,146 units sold in H1 FY17. This further validates the current demand for a prosumer market offering, as work continues towards the Group's strategic goal of launching a global prosumer offering for the soccer market in Q4 FY18.

"We've taken a measured approach to our prosumer investment following the acquisition of PLAYERTEK and are confident that the product we've developed is uniquely positioned to target what is a very compelling addressable prosumer market opportunity. The sales of our first-generation PLAYERTEK product continue to grow at a very encouraging rate, particularly in the soccer market, validating the approach we've taken and increasing our confidence in relation to the launch of our new product – specifically targeted at soccer players – later this financial year," Mr Powell said.

FY18 guidance reaffirmed

During its 2017 Annual General Meeting held on 22 November 2017, Catapult announced it was targeting group revenue of between A\$76-\$81m and positive underlying EBITDA for FY18. Based on the Company's progress in H1 FY18 and the outlook for the remainder of FY18, management has reaffirmed this guidance range.

Results conference call

Joe Powell, Chief Executive Officer, and Mark Hall, Chief Financial Officer, will host a conference call today at 10.30am (AEST). Analysts and investors who wish to participate in the teleconference should dial **1800 123 296** (toll-free) or **+61 2 8038 5221** and quote the conference ID '**9278756**'. (Note: media are welcome to listen to the presentation, however the limited question time available is for investors and analysts).

-ENDS-

For media and investor enquiries please contact:

Bevin Shields
Head of Investor Relations
Catapult Group International
P: +61 2 9199 8855
E: Investor.Relations@catapultsports.com

Forward-looking statements

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