

Catapult reports strong FY16 result and exceeded guidance

Catapult Group International Limited (ASX:CAT) today announced its financial results for the full year ended 30 June 2016 (FY16). Key highlights for the financial year include:

Highlights

- Total units ordered up 63% on prior year to a record 8,354, exceeding guidance;
- Total contract value (TCV)¹ up 74% to \$29.4m, exceeding guidance;
- Income up 59% to \$18.7m, including an 80% increase in revenue from subscription sales to \$9.2m (which exceeded capital sales for the first time);
- Annualised Run Rate (ARR) carrying into FY17 up 85% to \$13.5m, from 8,749² cumulative subscription units;
- Strong FY17 outlook with Catapult expecting to accelerate transition to positive EBITDA³ and free cash flow in FY17 following the acquisition of XOS, plus significant cross-sell opportunities in XOS' current client base and an enlarged addressable market opportunity following the acquisition of PLAYERTEK.

Catapult has exceeded its FY16 guidance as summarised below:

Guidance	Original at 10-Aug-15	Upgraded at 24-Nov-15	Upgraded at 4-Jul-16	FY16 Result at 30-Aug-16	Variance to 24-Nov-16	Change on FY15
Total Units Ordered	6,650 - 7,160	8,000	8,354	8,354	+4%	+63%
TCV ³	n.a.	\$24.5m	\$29.4m	\$29.4m	+20%	+74%

Catapult recorded the following key underlying and statutory results for FY16:

Underlying result	FY16	FY15	Change
Total Income	\$18.7m	\$11.8m	+59%
EBITDA ⁴	(\$4.4m)	(\$2.5m)	-72%
NPAT ⁴	(\$3.5m)	(\$2.2m)	-59%
ARR	\$13.5m	\$7.3m	+85%

Statutory results	FY16	FY15	Change
Total Income	\$18.7m	\$11.8m	+59%
EBITDA	(\$6.8m)	(\$4.6m)	-46%
NPAT	(\$5.9m)	(\$4.3m)	-36%

Commenting on the result, Catapult CEO Shaun Holthouse said: "The year saw very pleasing momentum build in our global sales team and the sales impact achieved over a short period of time has been outstanding. The shift in sales mix to longer-term subscriptions continues and it's pleasing to see that in FY16 this revenue stream surpassed capital sales revenue for the first time. Significantly we saw strong growth in every region - even in Australia, which we have viewed as a relatively mature market. Internally, that suggests to us that we are still at the beginning of the growth curve".

The FY16 result follows Catapult's acquisitions of US-based XOS Technologies Inc (XOS) and Ireland-based Kodaplay Limited (trading as PLAYERTEK), which were announced on 13 July 2016 and completed on 12 August 2016. A pro-forma analysis is summarised in the table below:

¹ TCV captures revenue from all new sales orders executed in FY16 only (ie no prior period sales). TCV is calculated as total revenue from capital sales plus total contracted revenue over the life of each new subscription agreement sold, plus any revenue uplift from renewed subscription agreements sold. Note TCV does not capture revenue from subscription contracts which have auto-renewed.

² Additional 297 subscription units ordered but not shipped in FY16 have been excluded from the calculation

³ Excluding one-off costs and extraordinary items. Assumes reclassification of R&D costs.

⁴ Adjusted for one-off costs and other extraordinary items. These include litigation costs, transaction costs and STIP costs.

Pro-forma FY16 analysis ⁵	Guidance ⁶ at 13-Jul-16	Combined Constant currency basis ⁷	Combined Revised currency ⁸
Revenue	\$52.3m - \$53.3m	\$53.4m	\$53.5m
ARR	\$40.0m - \$41.0m	\$40.2m	\$39.6m
EBITDA ⁹	\$3.5m - \$4.5m	\$3.4m	\$3.4m

As is evident in the pro-forma analysis, the contribution of XOS will be substantially accretive to Catapult's total revenues, recurring revenue base and EBITDA (pre-synergies). As noted, it is expected to accelerate Catapult's transition to positive EBITDA and free cash flow in FY17¹⁰.

"It is difficult to overstate the strategic importance of the XOS and PLAYERTEK transactions. They are genuinely transformative for our business and will cement our global leadership in player data analytics for team sports across both elite and prosumer categories. The financial impact alone of the acquisition is huge, significantly bolstering our balance sheet, earnings and cash flow," Mr Holthouse said.

Detailed financial results for FY16 are set out below:

Summary underlying P&L ¹¹	FY16 \$m	FY15 \$m	Change %
Capital sales revenue	8.1	6.1	+33%
Subscription revenue	9.2	5.1	+80%
Other income	1.4	0.5	+180%
Total Income	18.7	11.8	+59%
Cost of materials	(2.6)	(1.9)	-35%
Operating expenses	(17.1)	(10.8)	-57%
Depreciation and amortisation	(1.8)	(1.1)	-65%
Other expenses	(3.5)	(1.9)	-84%
Loss before income tax	(6.3)	(3.9)	-61%
Income tax credit	2.8	1.7	+60%
Loss After Income Tax	(3.5)	(2.2)	-59%

Outlook for FY17

Mr Holthouse said that with the strong sales pipeline in place, the company expected to record another strong year of growth in units ordered in FY17. Revenue growth would be supported by the compounding effect of subscription business secured in FY16, which locks in \$13.5m of revenue for FY17 as a starting point.

The XOS acquisition is expected to have a significant positive impact beyond the existing pipeline and sales expansion. XOS is a market leader in providing innovative digital and video analytic software solutions to elite sporting teams in the US. The acquisition brings together the leaders of wearable (Catapult) and video (XOS) technology, the two key technology pillars in elite club environments. It also puts Catapult in a unique position to pioneer the development of next-generation products for elite sports that integrate player performance data analytics and video analytics.

⁵ Catapult pro-forma for XOS Acquisition only as at 13 July 2016 (ie excludes PLAYERTEK).

⁶ XOS financials are XOS monthly unaudited management financials converted from USD to AUD based on FY16 average exchange rate of 0.728

⁷ USD to AUD conversion based on AUD:USD average exchange rate for FY16 of 0.728 determined as at 13-July-2016 for constant currency comparison

⁸ USD to AUD conversion based on AUD:USD average exchange rate for FY16 of 0.727 and balance date exchange rate of 0.7441 as determined in 2016 audit process

⁹ Refers to pro-forma EBITDA, adjusted for one-off costs, other extraordinary items and a reclassification of R&D costs

¹⁰ Excluding one-off costs and extraordinary items, adjusted for reclassification of R&D costs

¹¹ Adjusted for one-off costs and other extraordinary items. These include litigation costs, transaction costs and STIP costs

While no specific guidance is issued at this time in relation to the acquisitions, Catapult will be focused on the large opportunity available in the short to medium term to cross-sell Catapult's solutions into the estimated 138 XOS elite sporting team customers that are not currently using any wearable tracking device. Taken together the combined cross-sell opportunity represented by these teams is estimated at more than 4,500 units.

Catapult's other recent acquisition, Kodaplay trading as PLAYERTEK, is a leading developer of wearable analytics software solutions for the prosumer market. More than 140 teams across Europe and the UK have adopted PLAYERTEK's products since they were launched in June 2015.

The PLAYERTEK acquisition delivers a proven, commercialised, low-cost solution and will spearhead Catapult's entry into the global prosumer market, including junior clubs, sub-elite and semi-professional athletes. Catapult estimates that the addressable market opportunity in this prosumer category is between 10 to 20 times larger than the elite market into which Catapult currently sells.

"Our near-term outlook is very encouraging given the expected impact of our recent acquisitions. XOS in particular provides significant cross-selling opportunities for Catapult in the strategic North American market and work is already underway to harness these. With PLAYERTEK we greatly expand our addressable market," Mr Holthouse said.

"As pleasing as the FY16 result was, we believe we are still early in the journey, with lots of growth to come, and are focused on putting in place a strong platform to take advantage of this opportunity. To this end, we have bolstered the global leadership team, as advised to the market recently. Our focus now is on integrating our recent acquisitions and capturing the synergies and sales opportunities they present," he said.

Management expects to provide a further update to FY17 outlook at its Annual General Meeting later this year.

Results conference call

Shaun Holthouse, Chief Executive Officer, and Barry McNeill, Chief Operating Officer, will host a conference call today at 10.30am (AEDT). Analyst and investors who wish to participate in the teleconference should dial **1800 123 296** and quote the conference ID **'71450695'**. (Note: media are welcome to listen to the presentation, however the limited question time available is for investors and analysts).

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About Catapult

Catapult is an Australian multinational corporation that is revolutionising the way professional and elite athletes worldwide are being monitored and analysed in training and competition.

Developed in Australia in conjunction with the Australian Institute of Sport, Catapult's wearable athlete tracking platform has become the most widely accepted solution globally. As of February 2016, over 900 elite and professional teams are customers of Catapult's solution, competing in the largest and most prestigious sporting codes. Despite this market share, Catapult estimates only a small fraction of all elite and professional athletes currently have any wearable solution in place.

Some of Catapult's recent championship winning clients include:

- Hawthorn Football Club (AFL, Australia)
- Denver Broncos (NFL, USA)
- Leicester City FC (English Premier League, UK)
- Real Madrid CF (UEFA Champions League)
- Bayern Munich (Bundesliga, Germany)
- Beşiktaş JK (Super Lig, Turkey)
- North Queensland Cowboys (NRL, Australia)
- Adelaide United FC (A-League, Australia)
- Saracens RFC (Premiership Rugby, UK)
- University of Alabama (NCAA gridiron, USA)
- Guangzhou R&F FC (Chinese Super League)

For a more detailed list of our clients please visit <http://www.catapultsports.com.au/au/clients/>

With major offices in Australia, the United States and the United Kingdom and 213 staff in 11 countries, Catapult is an Australian technology success story with a global footprint that is committed to advancing the way data is used in elite sports.

For more information on Catapult, please visit:

Investor Centre – <http://www.catapultsports.com.au/investors/>

Website – www.catapultsports.com