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ASX Market Release

Catapult delivers strong results, profitable core business growth and innovation continues - FY18 Results

Catapult Group International Limited (ASX:CAT, 'Catapult' or the 'Group') today announced its financial results for the financial year ended 30 June 2018 (FY18).

Group highlights

- **Group revenue of \$76.8m, up 26% on FY17 (19% on a pro-forma basis), driven by increased sales and penetration of Catapult's core business products in the Elite market¹**
- **Group annual recurring revenue (ARR) of \$53.4m, up 16% and driven by 29% growth in Elite Wearables ARR**
- **Underlying² EBITDA of \$0.95m (statutory EBITDA loss of \$1.95m), an improvement of \$1.8m or 48% including Core Underlying EBITDA of \$8.0m (up 38%)**
- **Strong second half (2H18) with revenue growth accelerating and expense growth slowing**
- **Successful launch of the all-new PLAYR Prosumer product initially targeting c.20m Prosumer soccer players globally**
- **Cash balance of \$31.7m and net operating cash flow of \$6.4m representing the first full year of positive operating cash flow, highlighting the growing profitability of the core business**

Commenting on the result, Catapult CEO Joe Powell said: "This is a strong set of results for the Company, both financially and operationally. We have continued to execute on our strategy delivering strong growth and profitable performance in our Core business, which now has over 1,800 clients across 35 sports globally. We are also proud of the recent product developments we have launched to our Elite and Prosumer markets this year, including Catapult Vision and PLAYR. These new products form a large part of our continued focus on innovation and future growth"

Core business highlights

- **Strong revenue growth for Elite Wearables;**
 - Revenue up 29% to \$34m with ARR up 29% to \$24.4m
 - Subscriptions accounted for 60% of elite wearables revenue, up from 58% in FY17
 - ARPU³ stable at \$109
 - Subscription mix 57% of total units sold
 - Subscription install base +27% to 17,098 devices
- **Elite Video revenue growth accelerating;**
 - 2H18 revenue up 17% on 2H17 (18% on constant currency basis), up from -5% in 1H18
 - FY18 revenue up 6% on FY17 to \$39.4m (9% on constant currency basis)
 - ARR up 5% to \$28.4m
 - Catapult Vision product development completed ahead of schedule in June 2018

¹ Core business excludes Prosumer products

² Statutory EBITDA adjusted for expenses relating to [acquisitions, capital raisings, share-based payments, impairments, litigation and severance costs

³ Average monthly revenue per Elite subscription unit

The core business accounted for 96% of Group revenue in FY18. The high operating leverage nature of the core business resulted in a \$8.0m contribution (after corporate costs) to Group Underlying EBITDA in FY18.

During the year the core business won customers in 11 new countries and signed new league wide deals with UK's Rugby Football League, Scottish Rugby and AFL Women's League. Penetration of XOS elite video products and services into the existing customer base was also increased and internationalisation of this platform remains on track for FY19.

Also during June 2018 Catapult entered a landmark deal with the Confederation of African Football (CAF). The deal commenced with an initial supply 1,250 PlayerTek devices to onboard CAF with Catapult's wearable tracking technology.

Catapult has successfully integrated and leveraged the athlete management system (AMS) acquired in August 2017. The AMS capability enabled Catapult to win new business with the Women's Tennis Association and facilitate the Group's entry into premier football in Japan. Furthermore, by partnering with an American NCAA Division 1 University, Catapult has entered into its first full-stack technology solution, integrating wearable-derived performance data with video analysis tools and an AMS.

New business highlights (Prosumer)

- New product revenue of \$3.4m up from \$1.0m in FY17
- Launched PLAYR product targeting ~20m prosumer soccer athletes
- 14k Prosumer devices sold in FY18

On 6 June 2018 Catapult soft launched the PLAYR product for Prosumer soccer players. The PLAYR launch was held in London at Fulham FC's training ground presents an exciting opportunity for Catapult as it seeks to capture the large market opportunity of 20 million Prosumer players in soccer alone.

Early sales of the PLAYR product are in-line with Catapult's expectations.

Innovation continues

Catapult invested \$9.1m during 2018 in research and development.

This included investment ahead of the successful June 2018 launch of the compelling Prosumer PLAYR soccer product. PLAYR uses an advanced player tracking system that detects up to 1,250 movements per second that provides a GPS heatmap alongside sprint, distance and speed data as well as unique analytics insights via its 'SmartCoach' application.

Catapult has also significantly progressed development of its new tactical analytics product, which integrates video and wearable data and deepens coaching engagement with teams. Tactical analytics will be launched during 2019.

Strong 2H18 with revenue growth accelerating and expense growth slowing

During the second half pro-forma revenue growth accelerated to 23.7% when compared with 2H17.

Total reported operating expenses of \$60.1m in FY18 increased by 19%, however on a pro-forma basis this growth was 14%, down from the 26% operating expense increase in 1H18.

With the business now appropriately scaled for continued growth, labour expense growth on a pro-forma basis was 7.6% in 2H18 and travel expenses declined by 17% on the same basis. Control over labour and travel expenses remains important to overall organisational productivity given these items accounted for approximately 71% of total operating expenses in FY18.

Catapult reported the following key statutory and underlying results for FY18:

\$ millions	FY18	FY17	Change
Statutory revenue	76.8	60.8	+26%
Statutory EBITDA	(2.0)	(3.7)	+48%
Statutory net loss after tax	(17.4)	(13.6)	(28%)
Underlying EBITDA	1.0	2.9	(68%)

FY19 Outlook

In-line with The Group's long term guidance provided in March 2018 Catapult is on track to generate positive cash flow at the Group level by FY21.

In FY19 Catapult sees continued strong growth in the core business and upside from Prosumer.

The drivers for growth in FY19 are double digit percentage growth in ARR, continued momentum in elite video revenue growth, increasing operating leverage in the core business and strong momentum in Prosumer.

Catapult looks forward to providing quantitative FY19 guidance ahead of this year's AGM, which is scheduled for November 2018.

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 **'7362949'**. (Note: media are welcome to listen to the presentation, however the limited question time available is for investors and analysts).

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Forward-looking statements

Any forward-looking statements, opinions and estimates provided in this announcement rely on various contingencies and assumptions. Various factors and risks, both known and unknown, many of which are outside the control of Catapult, may impact upon the performance of Catapult and cause actual performance to vary significantly from expected results. There can be no guarantee that Catapult will achieve its stated objectives or that forward looking statements or forecasts will prove to be accurate.