

Vizrt Reports 9 Months and Q3 2011 Results
Dynamic BG Business Drives Revenue Growth



Bergen, Norway, November 10, 2011. Vizrt Ltd. (Oslo Main List: VIZ)

For the first nine months of 2011, the Company posted a 24% revenue growth compared to the first nine months of 2010 and a 23% revenue growth compared to Q3 2010. Main contribution to revenue growth was the strong performance of the BG product line, which for the first time included the results of LiberoVision. Geographically, APAC led growth with a 54% increase, compared to the first nine months of 2010. Profitability has significantly improved compared to LY, including both gross margin and EBIT margin.

HIGHLIGHTS

- Revenues for the first nine months of 2011 came in at MUSD 91.9, up 24% from the same period in 2010. Revenues for Q3 2011 were MUSD 31.8 up 23% compared to same period LY.
- EBIT of MUSD 11.3 for the first nine months of 2011 and MUSD 3.8 for Q3 2011, corresponding to a 12% margin for both periods, compared to MUSD 5.3 (7%) and MUSD 2.7 (10%) for the same periods LY.
- EBITDA¹ of MUSD 16.0 for the first nine months of 2011 and MUSD 5.6 for Q3 2011 corresponding to a 17% and 18% margin respectively, compared to MUSD 9.9 (13%) and 4.3 (17%) for the same periods LY.
- The Company posted a net profit of MUSD 10.0 (11%) for the first nine months of 2011 and MUSD 3.3 (10%) for Q3 2011 compared to MUSD 4.7 (6%) and MUSD 4.0 (16%) for the same periods LY.
- Backlog to date of MUSD 48.7, up 29% compared to the same period LY.
- Cash flow generated from operating activities for the first nine months of 2011 was MUSD 12.2, compared to MUSD 4.6 for the first nine months of 2010. Net cash provided by operating activities in Q3 2011 was MUSD 6.8, compared to MUSD 1.0 for Q3 2010. As of September 30, 2011 the net cash position was MUSD 62.4, down from Q2 2011 by MUSD 1.5 due to a net cash payment of MUSD 6.3 related to the LiberoVision acquisition.
- On July 1, 2011 the Company successfully closed the acquisition of the first tranche of 60% of all the issued and outstanding shares of LiberoVision AG (LV), a leader in the field of virtual sports enhancements, complementing Vizrt's workflow solution in BG. LV is fully consolidated from July 1, 2011.

Martin Burkhalter, Vizrt CEO, commented on the results: "The results we posted in Q3 are in line with our expectations. Our BG business continues to perform strongly, this quarter further boosted by the consolidation of LiberoVision following the acquisition. The general trading environment, although not overly strong, did not change too much from previous quarters. We did, however, experience a negative effect on our non-BG revenues as potential customers seem to take longer to commit to larger investments. In addition, our MAM and ONL & MOB results were to some extent negatively impacted by delayed deliveries, mainly caused by seasonal holidays, the effects of which vary from year to year. However, our healthy order backlog clearly indicates that budgets are still available and that broadcasters continue to invest in our technology."

¹ EBITDA: Earnings before interest, tax, amortization and depreciation

Results Overview

In KUSD	Q32011	Q32010	Change in%	Q22011	Change in %
Revenue	31,760	25,889	23%	32,098	-1%
Gross Profit	21,080	16,279	29%	21,166	0%
<i>Gross Margin</i>	66%	63%		66%	
EBIT	3,792	2,696	41%	5,135	-26%
<i>EBIT-Margin</i>	12%	10%		16%	
EBITDA	5,628	4,282	31%	6,421	-12%
<i>EBITDA-Margin</i>	18%	17%		20%	
Net Profit (loss)	3,320	4,033	-18%	4,508	-26%
<i>Net Profit-Margin</i>	10%	16%		14%	
EPS	0.05	0.06	-17%	0.07	-29%
Backlog	48,673	37,716	29%	49,792	-2%
Cash Position	62,374	50,461	24%	63,874	-2%

Vizrt Product Lines and Geographical Overview

Broadcast Graphics (BG)

BG revenues for the first nine months of 2011 accounted for 76% of total revenues with MUS\$ 69.5, a 28% growth Y-o-Y and a 32% growth comparing Q3 2011 to Q3 2010. Compared to Q2 2011, BG revenues were up 9%.

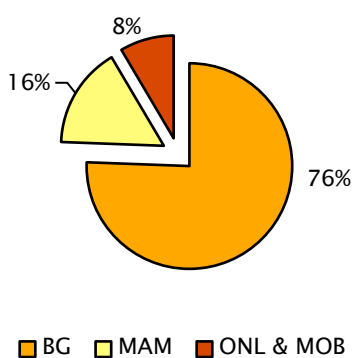
Media Asset Management (MAM)

MAM revenues for the first nine months of 2011 accounted for 16% of total revenues with MUS\$ 14.6, a 4% growth Y-o-Y and 10% decrease comparing Q3 2011 to Q3 2010. Compared to Q2 2011, MAM revenues were down 24%.

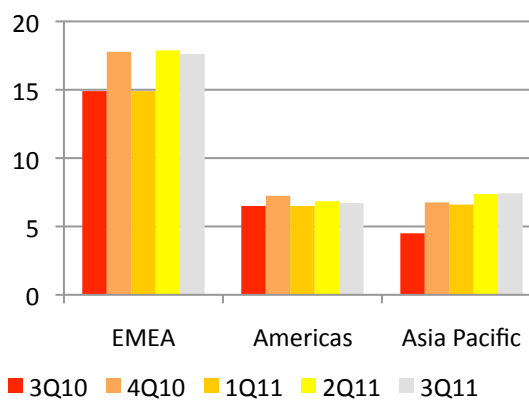
Online & Mobile (ONL & MOB)

ONL & MOB revenues for the first nine months of 2011 accounted for 8% of total revenues with MUS\$ 7.8, compared to MUS\$ 5.7 for the first nine months of 2010, a 38% growth, of which organic growth accounted for 18%. Comparing Q3 2011 to Q3 2010, the growth was 2%. Compared to Q2 2011 ONL & MOB revenues were down 37%.

First nine months of 2011 Revenue Breakdown By Product Line



Quarterly Revenues by Regions



Geographical Overview

All regions contributed to the improved performance as compared to the first nine months of 2010, with the strongest growth recorded in APAC, where revenues went up by 54% to MUSD 21.5, as compared to MUSD 13.9 for the first nine months of 2010. Revenues in the EMEA region were up by 21%, from MUSD 41.8 to MUSD 50.4, and revenues in the AMERICAS were up 10%, from MUSD 18.2 to MUSD 20.0.

FINANCIALS

Gross Profit and Gross Margin

The gross margin for the first nine months of 2011 was 65%, as compared to 62% for the same period LY. The increase is mainly due to changes in the product mix sold and improved margins for BG. The gross profit for the first nine months of 2011 was affected by a MUSD 2.2 amortization of intangible assets from acquisitions, compared to MUSD 2.3 for the first nine months of 2010. Adjusted for these amortization effects, the gross margin was 67%, compared to 65% LY.

The gross margin for Q3 2011 was 66%, as compared to 63% for the same period LY. The gross profit was affected by MUSD 0.9 in Q3 2011, compared to MUSD 0.8 in Q3 2010, due to amortization of intangible assets resulting from acquisitions. Adjusted for these amortization effects, the gross margin was at 69% compared to 66% LY.

Operating Expenses

Total operating expenses for the first nine months of 2011 were MUSD 48.4, up 19% compared to the same period LY. The increase was mainly due to an increase in headcount in Vizrt and staff additions due to the LiberoVision acquisition, which took place in July 2011. Furthermore, the ongoing implementation of the regionalization program, as well as a general salary increase implemented throughout the company in 2011 and currency effects due to volatile exchange rates have all contributed to the cost increase.

Operating expenses summary

In KUSD	9m11	9m10	Q311	Q310	Q211
R&D	14,425	11,235	5,057	3,690	4,759
S&M	25,836	22,152	9,322	7,595	8,655
G&A	8,128	7,133	2,909	2,298	2,617
OPEX	48,389	40,520	17,288	13,583	16,031

Order backlog

The order backlog as of November 10, 2011, was MUSD 48.7, up 29%, compared to LY MUSD 37.7, and down 2% compared to the Q2 2011 results release date. LV backlog amounting to MUSD 3.1 is included under BG. BG backlog was at MUSD 24.6, MAM backlog at MUSD 19.1, ONL backlog at MUSD 4.2 and Mobile streaming, related to Adactus, at MUSD 0.8. For BG and MAM backlog was up 33% and 35% respectively compared to the same period LY, whereas for ONL&MOB the backlog was down 1%, comparing to the same period LY.

Balance Sheet, Cash Flow and Liquidity

Cash flow generation from operating activities for the first nine months of 2011 was MUSD 12.2, compared to MUSD 4.6 for the first nine months of 2010. Net cash provided by operating activities in Q3 2011 was MUSD 6.8, compared to MUSD 1.0 in Q3 2010. A net cash consideration of MUSD 6.3 was paid on July 1, 2011 for the first 60% of LiberoVision shares.

Vizrt has a strong financial position with no interest-bearing debt and a net cash position of MUSD 62.4 as of September 30, 2011 (including MUSD 0.7 restricted cash), compared to MUSD 57.5 as of December 31, 2010 (including MUSD 0.5 restricted cash). Furthermore shareholders' equity as of September 30, 2011 was MUSD 121.7, which is equivalent to an equity ratio² of 76%.

Organization

At the end of September 30, 2011, the Company had 591 employees, compared to 540 as the end of September 30, 2010. This increase is mainly due to increased staffing in low cost countries as well as an additional 16 employees resulting from the acquisition of LiberoVision in Q3 2011.

OUTLOOK

Martin Burkhalter, Vizrt CEO, stated, "Compared to 2010, we have recorded strong growth, driven by favorable economic conditions that prevailed during the first nine months of the year, the effects of our regionalization program and customers buying into the unparalleled integration opportunities that Vizrt's various product lines offer. However, towards the end of the third quarter, we started to see a lengthening of decision making times for larger investments, caused by uncertainties in the general economic environment. Although we do not expect dramatic changes in market conditions for Q4, we believe that the first signs of cautiousness we observed during the second half of Q3 will continue into Q4 and possibly beyond. This may have an effect on our Q4, which in normal years is the strongest quarter of the year. However, with our healthy backlog we expect the full year results to be in line with our expectations and show a strong improvement over last year."

Analyst Conference

An Analyst Conference will be held at 09:30 a.m. (CET) at DnBNor Head Offices, **Stranden 21 in Oslo**.

Management will furthermore discuss the Q3 results in a conference call at 1.30 p.m. (CET) Call details are as follows:

+47 24 159585 (Norway)

+44 203 1474861 (UK)

+49 69 247501893 (Germany)

A replay of the call will be available until November 17, 2011. Please use the following dial-in-numbers:

+49 30 868757040 (Germany); +44 203 024 54 07 (UK), +1 408 9160685 (US)

passcode: 9418547#

² equity divided into Total liabilities and Equity

Contacts

Martin Burkhalter
CEO
+41 79 795 24 48
mbu@vizrt.com

Ofra Brown
CFO
+47 5351 8040
ofra@vizrt.com

SCHWARZ Financial Communication
Frank Schwarz
+49 611 1745 398 11
schwarz@schwarzfinancial.com

SHAREHOLDER related Information

As of September 30, 2011, the Company had a total of 66,081,978 shares outstanding.

Shareholders as of September 30, 2011

Shareholder	No. of shares	% of shares
FSN Capital III *)	10,664,003	16.14%
Orkla	6,503,000	9.84%
Ferd AS Invest	6,015,630	9.10%
Alfred Berg Group NO	3,979,922	6.02%
Odin	3,554,759	5.38%
Holberg Fund AS	3,280,488	4.96%
Employees	2,105,975	3.19%
Directors & Officers	593,307	0.90%
Public	<u>29,384,894</u>	<u>44.47%</u>
Total	66,081,978	100.00%

* Company controlled by a member of the Board.

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 undertakes 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,		Three months ended September 30,		Year ended December 31,
	2011	2010	2011	2010	2010
	Unaudited		Unaudited		
Revenues	\$ 91,859	\$ 73,842	\$ 31,760	\$ 25,889	\$ 105,613
Cost of revenues	32,174	28,070	10,680	9,610	39,784
Gross profit	59,685	45,772	21,080	16,279	65,829
Operating expenses:					
Research and development	14,425	11,235	5,057	3,690	15,728
General and administrative	8,128	7,133	2,909	2,298	10,097
Selling and marketing	25,836	22,152	9,322	7,595	30,531
Write-off	-	-	-	-	3,507
Total operating expenses	48,389	40,520	17,288	13,583	59,863
Operating income	11,296	5,252	3,792	2,696	5,966
Financial income (expenses), net	308	(379)	(78)	1,072	(893)
Other income	-	1,093	-	1,093	1,105
Income before taxes	11,604	5,966	3,714	4,861	6,178
Taxes on income	1,415	1,314	326	828	1,719
Income before equity in losses of an affiliate company	10,189	4,652	3,388	4,033	4,459
Equity in losses of an affiliated com- pany	220	-	68	-	-
Net income	\$ 9,969	\$ 4,652	\$ 3,320	\$ 4,033	\$ 4,459
Basic net income per share	\$ 0.15	\$ 0.07	\$ 0.05	\$ 0.06	\$ 0.07
Diluted net income per share	\$ 0.15	\$ 0.07	\$ 0.05	\$ 0.06	\$ 0.07
Weighted average number of shares used in computing basic net income per share	65,725,783	65,091,048	66,071,188	65,100,879	65,141,693
Weighted average number of shares used in computing diluted net income per share	67,525,436	67,056,170	67,804,770	67,006,494	67,083,539

VIZRT LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

U.S. dollars in thousands

	September 30, 2011 <u>Unaudited</u>	December 31, 2010*
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 61,636	\$ 57,005
Restricted cash	147	60
Trade receivables, net	30,270	27,111
Other accounts receivable and prepaid expenses	4,580	3,588
Inventories	3,312	3,140
TOTAL CURRENT ASSETS	<u>99,945</u>	<u>90,904</u>
RESTRICTED CASH	<u>591</u>	<u>408</u>
LONG-TERM ASSETS	<u>2,881</u>	<u>3,344</u>
PROPERTY AND EQUIPMENT, NET	<u>4,555</u>	<u>4,169</u>
OTHER ASSET	<u>867</u>	<u>913</u>
INTANGIBLE ASSETS, NET	<u>12,720</u>	<u>11,966</u>
GOODWILL	<u>37,783</u>	<u>31,482</u>
TOTAL ASSETS	<u><u>\$ 159,342</u></u>	<u><u>\$ 143,186</u></u>

*Reclassified

VIZRT LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

U.S. dollars in thousands

	September 30, 2011	December 31, 2010
	<u>Unaudited</u>	
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Trade payables	\$ 4,648	\$ 4,323
Deferred revenues	7,670	8,079
Employees and payroll accruals	8,697	6,103
Tax accruals	8,481	6,862
Other accounts payable and accrued expenses	4,672	4,295
TOTAL CURRENT LIABILITIES	<u>34,168</u>	<u>29,662</u>
LONG-TERM LIABILITIES:		
Deferred Taxes	1,779	2,978
Other non- current liabilities	1,838	599
	<u>3,617</u>	<u>3,577</u>
SHAREHOLDERS' EQUITY:		
Share capital	158	156
Additional paid-in capital	153,960	152,183
Accumulated other comprehensive (loss) Income	(589)	(451)
Accumulated deficit	(31,972)	(41,941)
TOTAL SHAREHOLDERS' EQUITY	<u>121,557</u>	<u>109,947</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 159,342</u>	<u>\$ 143,186</u>

VIZRT LTD.
CONSOLIDATED STATEMENTS OF CASH FLOW

U.S. dollars in thousands

	Nine months ended		Year Ended
	September 30,		December 31,
	2011	2010	2010
	Unaudited		
Net Income	\$ 9,969	\$ 4,652	4,459
Adjustments required to reconcile net income to net cash provided by operating activities:			
Depreciation	1,882	1,642	2,251
Amortization of intangible assets	2,848	3,042	4,122
Write off of goodwill and impairment of an investment	-	-	3,507
Changes in assets and liabilities:			
Accounts receivables and other receivables	(3,335)	(3,191)	(3,454)
Inventories	(139)	34	671
Deferred tax	(1,931)	(807)	(913)
Revaluation gain from gaining control in Adactus	-	(1,093)	(1,138)
Account payables and other liabilities	2,950	317	3,380
Cash flows from operating activities:	12,244	4,596	12,885
Cash flows from investing activities:	(8,039)	(4,475)	(6,880)
Cash flows from financing activities:	118	7	997
Effect of exchange rate changes on cash and short term deposits	308	245	347
Increase in cash and short-term deposits	4,631	373	7,349
Cash and short-term deposits at the beginning of the period	57,005	49,656	49,656
Cash and short-term deposits at the end of the period	\$ 61,636	\$ 50,029	\$ 57,005