



VISLINK

2009 Interim Results

Agenda

The logo for VISLINK, featuring the word "VISLINK" in a bold, sans-serif font. To the right of the text is a stylized graphic element consisting of a vertical line that curves to the right at the top and bottom, resembling a checkmark or a stylized 'V'.

- Introductions
 - Duncan Lewis, CEO
 - James Trumper, CFO
- Key messages
- Financial review
- Business unit review
- Operational review
- Outlook and summary

Strategy: The Vislink Brand

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- **Vislink** is a strategically focused company, selling secure communications technologies into selected markets:
 - News & Entertainment
 - Law Enforcement & Public Safety
 - Marine & Energy
 - Services (satellite, microwave and wireless communications)
- **Core Technologies:** Wireless, video and IP together with the supporting management systems
- **Products:** Design and manufacture of microwave radio, satellite transmission, wireless cameras and marine CCTV systems

Highlights

VISLINK

- Traded in line with expectations in first half
- Group successfully reorganised into four international business units in January
- 20 per cent increase in international sales & support personnel
- Investment in technology maintained in real terms
- 9 major products launched since February
- Positive change in mix of business; accelerating growth in Law Enforcement & Public Safety, Services, Marine & Energy
- Streamlining operations is well underway; 15 per cent headcount reduction

FINANCIAL REVIEW

Financial Overview

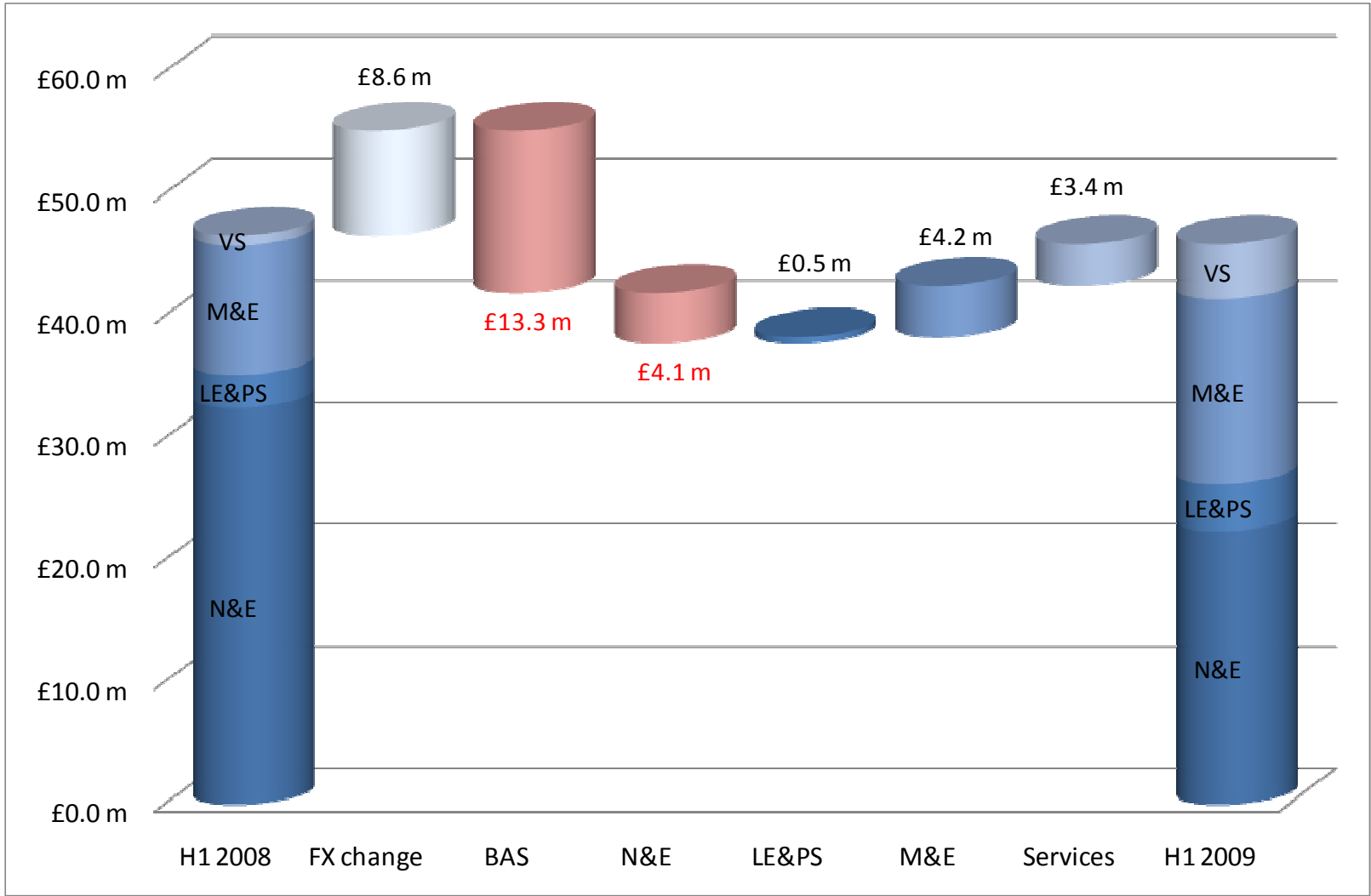


Year to 31 Dec 2008 £'000		Six Months 30 June 2009 £'000	Six Months 30 June 2008 £'000	Change %
101,025	Revenue	45,902	46,608	-1.5%
75,402	Underlying* revenue	38,490	34,491	11.6%
865	Reported operating profit	732	2,359	-69.0%
9,052	Adjusted** operating profit	2,750	4,256	-35.4%
9.0%	Adjusted** margin	6.0%	9.1%	
585	Profit before tax	480	2,287	-79.0%
(1.10p)	Basic EPS	0.14p	1.04p	-86.5%
4.35p	Adjusted** EPS	1.23p	2.04p	-39.7%

*Underlying revenue is at constant FX rates and excluding revenue from the US 2GHz spectrum relocation programme

**Adjusted operating profit is operating profit before amortisation and impairment of goodwill and acquired intangibles, share based payments and non-recurring costs. Adjusted earnings per share are calculated on the same basis.

Group revenue bridge by business unit



Revenue by business unit at current period FX rates

Year to 31 Dec 2008 £'000		Six Months 30 June 2009 £'000	Six Months 30 June 2008 £'000	Like for like growth %
Revenue: by business unit				
41,904	News & Entertainment - core	14,935	19,021	-21.5%
40,328	News & Entertainment - BAS	7,412	20,752	-64.3%
6,701	Law Enforcement & Public Safety	3,929	3,481	12.9%
23,163	Marine & Energy	15,143	10,911	38.8%
3,634	Services	4,483	1,078	315.9%
115,730	Revenue at 2009 FX rates	45,902	55,243	-16.9%
(14,705)	FX adjustment		(8,635)	
101,025	Reported revenue	45,902	46,608	-1.5%
75,402	Underlying revenue (excluding BAS)	38,490	34,491	11.6%

Memo:

Acquisition of PMR in August 2008 added £1.5m to LE&PS revenue in H1 2009

Adjusted operating profit



Year to 31 Dec 2008		Six Months 30 June 2009	Six Months 30 June 2008	Six Months 30 June 2009	Six Months 30 June 2008
£'000		£'000	£'000	£'000	£'000
		Operating profit		Operating margin	
20,392	News & Entertainment	4,355	9,920	19.5%	30.5%
343	Law Enforcement & Public Safety	935	(51)	23.8%	-1.9%
4,579	Marine & Energy	4,832	2,319	31.9%	21.9%
1,031	Services	2,110	168	47.1%	20.6%
26,345	Contribution	12,232	12,356		
(7,901)	R&D	(4,254)	(3,838)		
(9,392)	G&A	(5,228)	(4,262)		
9,052	Adjusted operating profit	2,750	4,256	6.0%	9.1%

Operating costs at constant FX



Year to 31 Dec 2008 £'000		Six Months 30 June 2009 £'000	Six Months 31 Dec 2008 £'000	Six Months 30 June 2008 £'000
Sales & Marketing:				
9,309	News & Entertainment	3,921	4,964	4,345
2,371	Law Enforcement & Public Safety	901	1,091	1,280
1,890	Marine & Energy	1,129	1,157	733
249	Services	608	138	111
13,819	Sales & Marketing	6,559	7,350	6,469
8,974	R&D	4,254	4,429	4,545
10,168	G&A	5,228	5,536	4,632
32,961	Total overheads at constant FX	16,041	17,315	15,646
(3,561)	FX adjustment	0	(1,402)	(2,159)
29,400	As reported	16,041	15,913	13,487
R&D analysis				
8,974	Reported costs	4,254	4,429	4,545
2,352	Capitalised costs	1,529	1,107	1,245
(1,749)	Amortisation of capitalised costs	(1,058)	(941)	(808)
9,577	Cash spend	4,725	4,595	4,982

NB Capitalised costs excludes third party IPR acquired of £0.6m in H1 2008

Other financial matters

- Reported operating profit £0.7m (2008: £2.4m) after charging:
 - amortisation of acquired intangibles (£1.5m);
 - non recurring costs (£0.3m) and share based payments (£0.2m)
- Net finance costs £0.24m (2008: £0.05m)
 - Includes non-cash discount on deferred consideration of £0.12m (2008: £0.04m)
- Effective tax rate on adjusted profits 32.4% (2008 financial year: 31.7%)
- Shareholders' funds £51.8m (31 December 2008: £57.3m)
 - Dividend of £1.7m accrued in period, paid July 2009
 - FX translation reserve movement of £4.1m

Cash flow summary

Cash generated from operations £4.6m

Year to 31 Dec 2008 £'000		Six Months 30 June 2009 £'000	Six Months 30 June 2008 £'000
8,628	Net cash generated from operating activities	4,589	5,833
(2,340)	Net capital expenditure	(504)	(1,039)
(2,947)	Capitalised development costs	(1,529)	(1,840)
17	Other	-	17
3,358	Free cash flow	2,556	2,971
(1,726)	Dividends paid	-	-
(6,318)	Acquisition	-	-
(2,500)	Deferred consideration	(509)	-
(1,019)	Debt repayments	(3)	(2,509)
7,864	Proceeds from new borrowing facility	-	-
(341)	Net cash movement	2,044	462
2,369	FX movement	(1,101)	77
7,004	Opening cash & cash equivalents	9,032	7,004
9,032	Closing cash & cash equivalents	9,975	7,543
(7,867)	Borrowings & loan notes	(6,867)	(1,013)
1,165	Net cash	3,108	6,530
	95% Operating cash conversion	167%	137%

BUSINESS REVIEW

Operational Review

- New sales offices opened in Dubai and South Africa
- Far East sales personnel increased
- Gross Margin improved by 2.9% over prior year through operational efficiencies (consolidated purchasing, headcount reductions)
- New CRM/ERP system contracted with Microsoft; pilot successfully completed
- Site consolidation in UK
- US East Coast premises halved in size
- Uniform branding of company being rolled out

Vislink Technologies

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- Programmes at five research centres now aligned
 - Duplicated expenditure stopped
- Modular approach to design and manufacture
 - Lower manufacturing cost
 - Faster to market
- 9 major new products launched in 1st half
- R&D expenditure maintained, headcount being increased

News & Entertainment (1)

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Strategy:

- To extend content aggregation into IP-based workflow management

Addressable Market:

- Capture of live TV coverage of news and sports events
 - c£0.5bn, growing >5 per cent
 - 100,000 installed systems in 90 countries

Products:

- Advent satellite systems
- MRC microwave systems
- Link wireless cameras

News & Entertainment (2)

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- Broadcast industry undergoing structural changes as audiences fragment and IP becomes invasive; new product portfolio is addressing this opportunity
- US and European broadcasters slowed capital expenditure in the recession; signs of revival in second quarter
- Growth for legacy products coming from Asia/Pac, Africa and Middle East:
 - New sales offices and personnel
 - New products designed for international markets

Law Enforcement & Public Safety (1)

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Strategy:

- To extend the market for video collection and transmission solutions for surveillance purposes

Addressable Market:

- “Homeland security”
 - £250m short-term, £200m medium-term market
 - Growth >15 per cent

Products:

- Advent satellite systems
- MRC microwave systems
- Link wireless cameras
- PMR video systems

Law Enforcement & Public Safety (2)

VISLINK

- Accelerating revenue growth to £3.9m (2008:£3.5m)
 - Major contract wins in South Africa, Brazil, Australia and North America
- PMR successfully integrated into Group
- Next generation video surveillance products (body-worn and UAV) will be launched in third quarter
 - Core technologies applicable across the Group

Marine & Energy (1)

VISLINK

Strategy:

- Extend market by selling other Group products and services, and developing/acquiring, related products

Addressable Market:

- Offshore and onshore marine and energy (ships, drilling platforms, refineries, pipelines)
 - £100m market
 - Growth >5 per cent

Products:

- Hernis CCTV systems
- Advent Satellite Systems

Marine & Energy (2)

VISLINK

- Accelerating growth from onshore business; no current effects from slowdown in offshore market due to order backlog
 - Risk of slowdown in offshore at year end
- Major new project wins
- Next generation product in development
- Cross-selling continues

Services (1)

Strategy:

- Design, project management, installation and maintenance of fixed earth stations, microwave and broadband networks

Addressable Market:

- Broadcasters, Law Enforcement Agencies, Satellite operators and other industry sectors
 - £1.0bn market
 - Growing >9 per cent

Products:

- Vislink (and third party) microwave, satellite and video products
- Project Management tools and systems

Services (2)

VISLINK

- Accelerating revenue growth to £4.5m (2008: £1.1m at constant FX)
- Reduced dependency upon 2GHz relocation programme
 - New hires to expand into broadband infrastructure within USA
- International growth
 - Fixed Earth Station opportunities
- WTS fully integrated

Outlook

VISLINK

- Positive change in our mix of business, reducing our dependency upon the broadcast sector.
- Marine & Energy and Services have substantial order backlogs
- Outcome for the year is dependent on conversion of the prospects in our N&E and LE&PS business units
- We will continue to invest in sales and product development
- We will be addressing underlying manufacturing costs

“2009 is year of transition as the new business units implement their forward strategies in an exceptional economic environment. The goal remains to leave 2009 with a reduced cost base and accelerating growth in our chosen sectors as we focus our resources more effectively.”

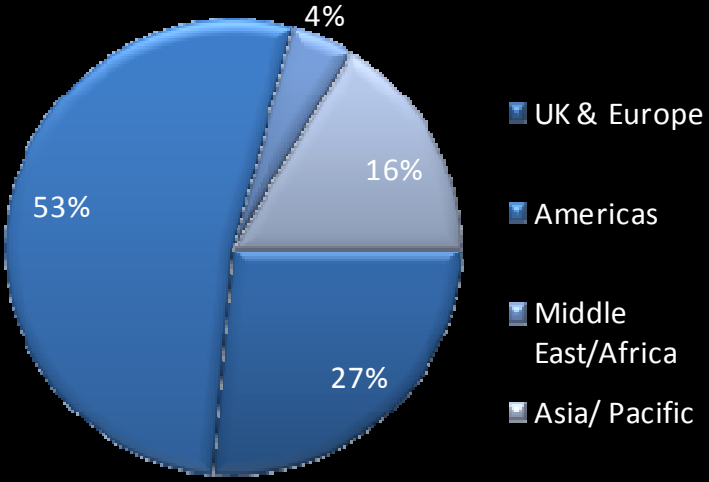
Appendices

VISLINK

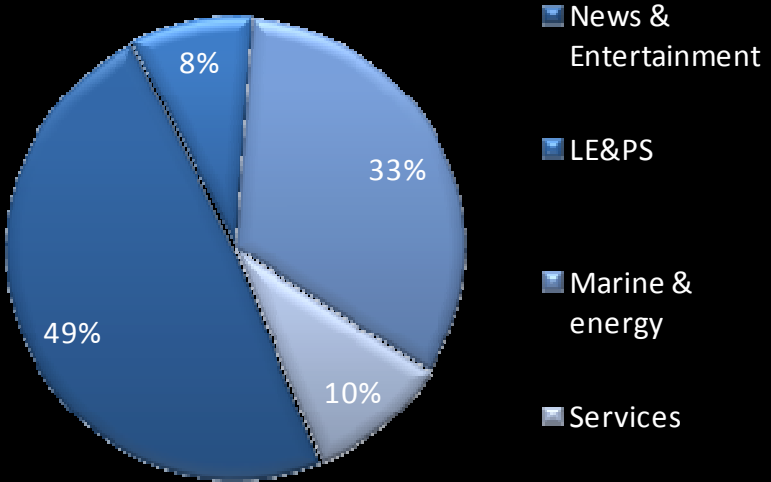
Revenue analysis



Revenue by customer geography: H1 2009



Revenue by business unit: H1 2009



Financial Highlights

VISLINK

- Underlying* order intake £37.8m (2008: £41.8m)
- Underlying* revenue £38.5m (2008: £34.5m)
- Order backlog £31.4m (31 December 2008: £34.1m)
 - Marine & Energy and Services have strong order backlogs; LE&PS and News & Entertainment re-building pipelines
- Adjusted Operating Profit £2.8m (2008: £4.3m)
- Net cash inflow from operating activities £4.6m (2008: £5.8m)
 - Operating cash conversion 167% (2008: 95%)
- Cash balance £3.1m (2008: £1.2m)

*Underlying revenue and orders are at constant current period exchange rates and exclude the 2GHz spectrum relocation programme

Orders by business unit at current period FX rates

Year to 31 Dec 2008	Orders	Six Months 30 June 2009	Six Months 30 June 2008	Like for like growth
£'000		£'000	£'000	%
Orders received: by business unit				
40,616	News & Entertainment - core	13,837	22,936	-39.7%
27,439	News & Entertainment - BAS	2,427	10,678	-77.3%
5,117	Law Enforcement & Public Safety	4,127	2,352	75.5%
26,059	Marine & Energy	15,667	13,200	18.7%
6,618	Services	4,137	3,285	25.9%
105,849	Orders at 2009 FX rates	40,195	52,451	-23.4%
(13,160)	FX adjustment		(7,734)	
92,689	Orders reported	40,195	44,717	-10.1%
78,410	Underlying orders (excluding BAS)	37,768	41,773	-9.6%

Memo:

Acquisition of PMR in August 2008 added £1.5m to LE&PS orders in H1 2009

Results by business unit



Year to 31 Dec 2008 £'000	N&E £'000	LE&PS £'000	M&E £'000	Services £'000	Six Months 30 June 2009 £'000	Six Months 30 June 2008 £'000	
Results: by new business units - 2008							
101,025	Revenue	22,347	3,929	15,143	4,483	45,902	46,607
38,452	Gross Profit	8,275	1,836	5,962	2,718	18,791	17,743
38.1%	Gross Profit %	37.0%	46.7%	39.4%	60.6%	40.9%	38.1%
12,107	Sales & Marketing	3,921	901	1,129	608	6,559	5,387
26,345	Contribution	4,354	935	4,833	2,110	12,232	12,356
7,901	R&D					4,254	3,838
9,392	G&A					5,228	4,262
9,052	Adjusted operating profit					2,750	4,256
Less:							
(1,961)	Amortisation of acquired intangibles					(1,535)	(798)
(5,000)	Impairment of goodwill					-	-
(977)	Non-recurring costs					(307)	(971)
(249)	Share based payments					(176)	(128)
865	Reported operating profit					732	2,359

News & Entertainment



Year to 31 Dec 2008		Six Months 30 June 2009	Six Months 30 June 2008	Change
£'000	All at constant FX	£'000	£'000	%
40,616	Orders: Core	13,837	22,936	-39.7%
27,439	Orders: BAS	2,427	10,678	-77.3%
68,055	Total orders received	16,264	33,614	-51.6%
41,904	Revenue: Core	14,935	19,021	-21.5%
40,328	Revenue: BAS	7,412	20,752	-64.3%
82,232	Revenue	22,347	39,773	-43.8%
31,996	Gross Profit	8,275	15,645	-47.1%
38.9%	Gross Profit %	37.0%	39.3%	-2.3pts
9,309	Sales & Marketing	3,921	4,345	-9.8%
22,687	Operating profit	4,354	11,300	-61.5%
27.6%	Profit margin %	19.5%	28.4%	-8.9pts

Law Enforcement & Public Safety



Year to 31 Dec 2008 £'000	All at constant FX	Six Months 30 June 2009 £'000	Six Months 30 June 2008 £'000	Change %
5,117	Total orders received	4,127	2,352	75.5%
6,701	Revenue	3,929	3,481	12.9%
2,820	Gross Profit	1,836	1,264	45.3%
42.1%	Gross Profit %	46.7%	36.3%	10.4pts
2,371	Sales & Marketing	901	1,280	-29.6%
449	Operating profit	935	(16)	n/a
6.7%	Profit margin %	23.8%	-0.5%	24.3pts

Marine & Energy



Year to 31 Dec 2008 £'000	All at constant FX	Six Months 30 June 2009 £'000	Six Months 30 June 2008 £'000	Change %
26,059	Total orders received	15,667	13,200	18.7%
23,163	Revenue	15,143	10,911	38.8%
6,634	Gross Profit	5,962	3,119	91.2%
28.6%	Gross Profit %	39.4%	28.6%	10.8pts
1,890	Sales & Marketing	1,129	733	54.0%
4,744	Contribution	4,833	2,386	n/a
20.5%	Contribution margin %	31.9%	21.9%	10.0pts

Services



Year to 31 Dec 2008 £'000	All at constant FX	Six Months 30 June 2009 £'000	Six Months 30 June 2008 £'000	Change %
6,618	Total orders received	4,137	3,285	25.9%
3,634	Revenue	4,483	1,078	315.9%
1,530	Gross Profit	2,718	334	713.8%
42.1%	Gross Profit %	60.6%	31.0%	29.6pts
249	Sales & Marketing	608	111	447.7%
1,281	Contribution	2,110	223	n/a
35.3%	Contribution margin %	47.1%	20.7%	26.4pts

Balance sheet



Balance sheet at 31 December	30 June 2009 £'000	31 December 2008 £'000	30 June 2008 £'000
Non-current assets			
Goodwill and intangibles	37,190	41,274	31,893
Property plant & equipment	5,915	6,972	5,505
Investments and deferred tax	966	974	841
	44,071	49,220	38,239
Net current assets			
Inventory	18,604	19,468	18,747
Debtors	15,249	23,087	17,212
Cash	9,975	9,032	7,543
Current liabilities	(23,200)	(27,037)	(25,689)
	20,628	24,550	17,813
Non-current liabilities	(12,901)	(16,496)	(4,612)
Shareholders funds	51,798	57,274	51,440

EPS and tax



£'000	Six Months	Six Months	Six Months	Six Months
	30 June 2009	30 June 2008	30 June 2009	30 June 2008
	Adjusted	Adjusted	Basic	Basic
Adjusted operating profit	2,750	4,256	2,750	4,256
Share of loss in associate	(10)	(25)	(10)	(25)
Net interest charged	(242)	(47)	(242)	(47)
Amortisation of acquired intangibles	-	-	(1,535)	(798)
Other adjusting items	-	-	(483)	(1,099)
Profit before taxation	2,498	4,184	480	2,287
Taxation	(809)	(1,379)	(293)	(852)
Profit after tax	1,689	2,805	187	1,435
Effective tax rate	32.4%	33.0%	61.0%	37.3%
Earnings per share	1.23p	2.04p	0.14p	1.04p
Average number of shares in issue (m)	137.7	137.7	137.7	137.7

Five year history



	2008 £000	2007 £000	2006 £000	2005 £000	2004 £000
Revenue:					
Total Revenue	101,025	98,580	100,498	85,072	67,831
Operating profit is analysed as:					
Adjusted operating profit	9,052	15,797	14,425	8,423	2,596
Amortisation of acquired intangibles	(1,961)	(1,462)	(1,364)	(1,207)	0
Amortisation and impairment of goodwill	(5,000)	0	0	0	(817)
Share-based payments	(249)	(119)	(122)	(75)	(47)
Exceptional items	(977)	0	0	0	(1,539)
Operating profit (loss)	865	14,216	12,939	7,141	193
Net finance costs	(280)	(260)	(264)	(776)	(498)
Profit/(loss) before tax	585	13,956	12,675	6,365	(305)
Tax on profit/(loss)	(2,097)	(5,026)	(4,968)	(2,883)	(827)
Profit/(loss) for the year attributable to equity shareholders	(1,512)	8,930	7,707	3,482	(1,132)
Earnings per 2.5p ordinary share					
Adjusted	4.35p	7.30p	6.44p	3.36p	1.26p
Basic	(1.10)p	6.47p	5.65p	2.66p	(1.12)p
Dividend per ordinary share	1.25p	1.25p	1.00p	0.50p	0.20p
Average exchange rate £:US\$	1.85	2.00	1.84	1.82	1.83

Secure communications

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