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Regulated information – Press release annual results  
EVS Broadcast Equipment SA: Euronext Brussels (EVS.BR), Bloomberg (EVS BB), Reuters (EVS.BR)

## EVS REPORTS SOLID 2013 RESULTS

- > **4Q13: Expected QoQ rebound leads to strong EUR 38.5 million revenue and 41.3% EBIT margin**
- > **FY13: Results in line with guidance**
  - o Revenue: EUR 129.1 million, -6.4% (+1.3% excl. event rentals and at constant currency)
  - o EBIT: EUR 48.4 million (37.5% of EBIT margin), EPS of EUR 2.52
- > **2014 highlights**
  - o The company's cautiousness on the market conditions in 2014 remains unchanged
  - o Winter order book of EUR 48.2 million at February 15, 2014
    - > +4.0% vs. 2013, excluding big events
    - > In addition, EUR 9.6 million order book for 2015 and beyond
  - o 10-15% expected opex growth mainly related to investments in new technologies
- > **2014: A special year with big sporting events, EVS' 20<sup>th</sup> anniversary and the move to the new headquarter and innovation center**

## KEY FIGURES

Unaudited			EUR millions, except earnings per share expressed in EUR	Audited		
4Q13	4Q12	4Q13/4Q12		FY13	FY12	FY13/FY12
38.5	25.6	+50.7%	Revenue	129.1	137.9	-6.4%
15.9	5.2	+206.9%	Operating profit – EBIT	48.4	61.2	-20.9%
41.3%	20.3%	-	Operating margin – EBIT %	37.5%	44.4%	-
(0.2)	0.4	N/A	Contribution from dcinex	0.1	0.4	N/A
10.7	4.4	+145.4%	Net profit – Group share	34.0	41.7	-18.5%
11.5	5.8	+100.6%	Net profit from operations, excl. dcinex – Group share <sup>(1)</sup>	36.1	44.6	-19.0%
0.80	0.32	+144.8%	Basic earnings per share	2.52	3.10	-18.7%
0.86	0.43	+100.0%	Basic earnings per share from operations, excl. dcinex <sup>(1)</sup>	2.68	3.31	-19.2%

(1) The net profit from operations, excl. dcinex, is the net profit (share of the group) excluding non operating items (net of tax) and the dcinex contribution. Refer to Annex 5.3: use of non-gaap financial measures.

## COMMENTS

“With sales of EUR 129.1 million in 2013, we sustained the record performance of 2012, excluding the EUR 10 million rentals relating to the big sporting events in that year, despite a macro-economic environment that remained difficult in some regions during most of the year”, said Joop Janssen, Managing Director & CEO of EVS. “We are particularly pleased with our performance in ENM in the last quarter, which underlines once again the positive reaction of customers to our new four-market strategy. The company continues to invest in its future growth by recruiting market specific and IT technology experts. Looking forward, 2014 will be a special year, particularly as we celebrate the 20<sup>th</sup> anniversary of the company. EVS is also intimately involved with the many big sporting events including Sochi (Winter Olympics) and Brazil (soccer World Cup). There will be many new product launches in all 4 target markets in 2014.”

Commenting on the results and prospects, Magdalena Baron, CFO, said: “As the company expected, the fourth quarter of 2013 was the strongest of the year, with sales of EUR 38.5 million. This is an increase of 50.7% compared to last year. The operating profit reached EUR 15.9 million, much higher than last years' EUR 6.6 million (excl. EUR 1.4 million repositioning costs) post Olympics low quarter, and 22.4% above the fourth quarter of 2011. The winter order book of EUR 48.2 million for sales in 2014 should be put in perspective of EVS management's prudent message regarding the continued macro-economic softness in some regions of the world. Operating expenses growth is confirmed at 10-15% for 2014, relating to the investments in new technologies, as announced in November 2013.”

## Revenue in 4Q13 and FY13

EVS revenue amounted to **EUR 38.5 million in 4Q13**, an increase of 50.7% (+52.9% at constant currency and excluding the big events rentals) compared to 4Q12. Sales in **Sports** represented 56.4% of total group sales, and **ENM** sales 43.6%.

EVS revenue amounted to **EUR 129.1 million** in FY13, a decrease of 6.4% compared to FY12 (+1.3% at constant currency and excluding the big events rentals). Sales in **Sports** decreased by 4.3% (-3.5% at cst exch. rate) to EUR 87.6 million, representing 67.9% of total group sales in FY13. **ENM** sales increased by 12.8% in FY13 to EUR 40.9 million (+13.5% at cst exch. rate), representing 31.7% of total sales in FY13. There were EUR 0.5 million of **rentals relating to big sporting events** in 2013, compared to EUR 10.0 million in 2012.

4Q13	4Q12	%4Q13 / 4Q12	Revenue – EUR millions <sup>(1)</sup>	FY13	FY12	% FY13/ FY12
38.5	25.6	+50.7%	Total reported	129.1	137.9	-6.4%
39.1	25.6	+52.9%	Total at constant currency	130.1	137.9	-5.7%
<b>39.1</b>	<b>25.6</b>	<b>+52.9%</b>	<b>Total at constant currency and excluding big event rentals</b>	<b>129.5</b>	<b>127.9</b>	<b>+1.3%</b>

(1) Refer to the geographical segmentation in annex 5.4.

2013 will leave the industry with mixed feelings, with varying performances across quarters, regions of the world and the activities. This being said, EVS seems to continue to benefit best among the industry's suppliers from its strong global reach, competitive position and continued investments in innovation.

Geographically, sales (excl. big event rentals) have evolved in FY13 as follows:

- Europe, Middle-East and Africa (“**EMEA**”): EUR 62.8 million (-5.0% compared to FY12, at constant currency), representing 48.6% of group revenue. Performance in the EMEA market included different realities in FY13, with a weak Mediterranean market, offset by stronger sub-regions such as Eastern Europe and the UK. Sales in 4Q13 increased by 16.2% to EUR 16.3 million.
- “**Americas**”: EUR 29.3 million compared to a record EUR 36.3 million in FY12 (-16.4% compared to FY12, at constant currency). The Americas recovered in the second half of 2013, after a weak market performance in the first six months. Sales in 4Q13 increased by 66.3% at constant currency to EUR 11.0 million.
- Asia & Pacific (“**APAC**”): EUR 36.5 million, or +42.5% at constant currency. EVS continues to gain market share in this buoyant region which is delivering above expectations. Sales in 4Q13 more than doubled to EUR 11.2 million.

## Operating results in 4Q13

**Consolidated gross margin was 73.3% for 4Q13** (much higher than 67.3% in 4Q12 67.3% due to the leverage effect of higher sales and a EUR 1.0 million provision on technical warranties in 4Q12) has been impacted by the product mix, inventory write-offs and some reclassification between R&D and cost of goods sold. Operating expenses increased by 15.0%, mainly due to the release of an obsolete EUR 1.0 million provision in 4Q12 (relating to past litigation), combined with some additional costs in 2013 that include the investment in DYVI Live/SVS (technology start-up announced in 2013), some extra hires and the strengthening of management. This leads to a **4Q13 EBIT margin of 41.3%**, compared to 25.8% last year (excl. EUR 1.4 million of repositioning costs). dcinex contributed a loss of EUR 0.2 million to EVS net results in 4Q13. Group net profit amounted to EUR 10.7 million in 4Q13, compared to EUR 4.4 million in 4Q12, while net profit from operations, excluding dcinex, was EUR 11.5 million in 4Q13 (+100.6% vs. 4Q12). **Basic net profit per share amounted to EUR 0.80 in 4Q13**, compared to EUR 0.32 for 4Q12.

## Operating results in FY13

**Consolidated gross margin was 75.5% for FY13**, compared to 77.3% in FY12, mainly due to the deleverage effect of lower sales on fixed operations costs that grew in 2013 and some reclassification between operating expenses and cost of goods sold. Operating expenses grew by 11.0% (in line with the low double digit opex growth guidance), due to the costs related to the investment in DYVI Live/SVS (technology start-up announced in 2013), extra hires and the strengthening of management, partially offset by some reclassification between operating expenses and cost of goods sold. The release of the EUR 1.0 million provision for past litigation in 2012 also partially explains this increase. This leads to a **FY13 EBIT margin of 37.5%**, compared to 44.4% last year. dcinex contributed EUR 0.1 million to EVS net results in FY13, compared to a EUR 0.5 million contribution in FY12. Group net profit amounted to EUR 34.0 million in FY13, compared to EUR 41.7 million in FY12, while net profit from operations, excluding dcinex, was EUR 36.1 million in FY13. **Basic net profit per share amounted to EUR 2.52 in FY13**, -18.7% compared to EUR 3.10 for FY12.

## **Staff**

At the end of December 2013, EVS employed 486 people (FTE), showing growth of 5.0% compared to the end of 2012 (463) in line with our plan to reduce opex growth compared to last years. On average, EVS employed 471 FTE in FY13, compared to 439 in FY12, a 7.3% increase. The main increase is due to more R&D including 14 people in the new fully consolidated Dyvi Live /SVS entities. One third of EVS' headcount are located outside of Belgium.

## **Balance sheet and cash flow statement**

Total equity represented 62.9% of total balance sheet at the end of December 2013. Inventories amounted to EUR 16.2 million at the end of December, including around EUR 4.0 million value of own equipment used for own R&D and demos of EVS successful products. Inventories were only slightly higher than at the end of 2012, even though they already include some equipment to be used during the winter Olympic Games. In the liabilities, provisions include mainly the provision for technical warranty on EVS products for labor and parts. The nominal amount of accounts receivables significantly increased due to strong sales in 4Q13, however Days Sales Outstanding improved from 75 last year to 70 days at the end of 2013.

At the end of 2011, EVS started the construction of a new integrated building in the same area in Liège, in order to gather all employees of EVS headquarters, split today in 6 different buildings. EUR 27.8 million have been invested by the end of December 2013 (less EUR 3.8 million of subsidies booked at the same date). In November, EVS secured the financing of the new building with senior debt of EUR 24 million with EIB (50%), ING (25%) and BNPPF (25%) over 7 years. This new credit facility replaced the previous short term EUR 14 million roll-over credit line. At the end of 2013, EUR 8.0 million have been drawn on it.

The net cash from operating activities amounted to EUR 32.7 million in FY13. On December 31, 2013, the group balance sheet showed **EUR 11.8 million in cash and cash equivalents**, and EUR 10.1 million in long-term financial debts (including short term portion of it).

At the end of December 2013, there were 13,625,000 EVS outstanding shares, of which 133,364 were owned by the company. At the same date, 420.000 warrants were outstanding with an average strike price of EUR 38.95 and an average maturity in 2015.

## **Long-term drivers and strategy**

While Sports is still a significant part of EVS' total business, less cyclical markets like Entertainment, News and Media are growing more rapidly. In its diversification process, EVS aims to take a leading position in niches that have a high growth potential. Its "Speed to Air" strategy is an answer to TV stations' desire to move to new and more efficient production workflows, benefiting from the flexibility of tapeless server technologies and increasing capable transport networks. Internet Protocol (IP) video transport and 'Cloud-based' technologies have made an entrance in the professional Broadcast industry and promise to enable even higher levels of flexibility and efficiencies in (live-) TV production. EVS plans to increase its investments in the R&D activities of these new technologies to continue to offer its customers the latest in (live-) production solutions. In addition the broadcast market continues to migrate from standard definition (SD) TV to high definition (HD), add new 'second screen' TV applications and demand more live video content across the world and in particular in emerging regions. More advanced camera and display technologies such as UltraHD (4K) are speeding up the conversion to and subsequent upgrades away from tapeless production facilities. EVS targets small niches where the combination of infrastructure reliability, applications agility and service quality are essential success criteria.

## **Outlook 2014**

The **winter order book** at February 15, 2014 amounts to **EUR 48.2 million**, which is 28.9% higher compared to EUR 37.4 million on the same date one year ago (+4.0% vs last year, excl. big event rentals). The order book includes EUR 9.3 million for big events rentals for Winter Olympics (Sochi) and World Cup Soccer in the summer of 2014 (Brazil). Sports represent 50.1% of the order book. In addition to this order book to be invoiced in 2014, EVS already has a record EUR 9.6 million orders to be invoiced in 2015 and beyond (compared to EUR 5.6 million last year).

In Sports, the company consolidates its position. In ENM, EVS plans continued market share gains including significant new customer wins. In 2013 the company made good progress in this promising and more competitive market.

For 2014, EVS does not anticipate a major improvement in the market conditions. Big sporting events are expected to bring around an additional EUR 10 million rental revenues in 2014. Additional short-term investments in the development of new IP video network and Cloud-based technologies, translating into Opex growth between 10% and 15% in 2014, should result in medium to long term profitable growth.

## **EVS celebrates 20 years of memories and looks forward to the next 20 years**

EVS Broadcast Equipment SA was created on February 17, 1994. The tapeless solutions proposed by EVS have revolutionized TV production of live sports, including the instant production of replays. As from the beginning, the company understood how critical the importance of a high quality service was, alongside a fully reliable hardware and a large range of software allowing customers to enrich live content. The engagement of EVS employees has made it a big success, and today, the company's solutions are used worldwide in the TV production of premium sport leagues, including the large sporting events, but also for a wide range of TV programs such as entertainment shows, sport centers and news bulletins. The company also enables open and highly flexible media asset lifecycle management throughout the entire production workflow – from ingest and production to archive and distribution.

### **Status of the control by the Statutory Auditors**

The Statutory Auditor BDO Réviseurs d'Entreprises Soc. Civ. SCRL confirmed that its controls which are substantially finished did not reveal material misstatement that should be brought to accounting information mentioned in the press release.

#### **EVS will hold today the following events:**

- A press conference in EVS offices in Liège at 9:30 am CET
- A meeting for analysts and institutional investors
- A conference call in English at 3:00 pm CET (please contact [corpcom@evs.com](mailto:corpcom@evs.com) to receive the dial-in number and the presentation)

Attended by Joop Janssen, CEO, Magdalena Baron, CFO and Geoffroy d'Oultremont, VP IR.

#### **Corporate Calendar:**

Thursday May 15, 2014: 1Q14 earnings  
Tuesday May 20, 2014: Ordinary General Meeting  
Thursday August 28, 2014: 2Q14 earnings  
Tuesday November 18, 2014: 3Q14 earnings

#### **For more information, please contact:**

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#### **Forward Looking Statements**

This press release contains forward-looking statements with respect to the business, financial condition, and results of operations of EVS and its affiliates. These statements are based on the current expectations or beliefs of EVS'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. EVS 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.

#### **About EVS**

EVS provides its customers with reliable and innovative technology to enable the production of live, enriched video programming, allowing them to work more efficiently and boost their revenue streams. Its industry-leading broadcast and media production systems are used by broadcasters, production companies, post-production facilities, film studios, content owners and archive libraries around the globe. It spans four key markets – Sports, Entertainment, News and Media.

Founded in 1994, its innovative Live Slow Motion system revolutionized live broadcasting. Its reliable and integrated tapeless solutions, based around its market-leading XT server range, are now widely used to deliver live productions worldwide. Today, it continues to develop practical innovations, such as its C-Cast second-screen delivery platform, to help customers maximize the value of their media content.

The company is headquartered in Belgium and has offices in Europe, the Middle East, Asia and North America. Approximately 486 EVS professionals from 20 offices are selling its branded products in over 100 countries, and provide customer support globally. EVS is a public company traded on Euronext Brussels: EVS, ISIN: BE0003820371. For more information, please visit [www.evs.com](http://www.evs.com).

dcinex, of which EVS owns 41.3%, is the European leader for Digital Cinema technology and services in Europe with more than 5,500 committed digital screens in Europe, out of which 3,700 have already been deployed. [www.dcinex.com](http://www.dcinex.com).

## Condensed consolidated financial statements

### ANNEX 1: CONDENSED CONSOLIDATED INCOME STATEMENT

(EUR thousands)	Note	2013 Audited	2012 Audited	4Q13 Unaudited	4Q12 Unaudited
Revenue	5.4	129,091	137,895	38,524	25,560
Cost of sales		-31,583	-31,270	-10,281	-8,350
<b>Gross profit</b>		<b>97,507</b>	<b>106,625</b>	<b>28,243</b>	<b>17,210</b>
<b>Gross margin %</b>		<b>75.5%</b>	<b>77.3%</b>	<b>73.3%</b>	<b>67.3%</b>
Selling and administrative expenses		-24,416	-20,214	-5,822	-3,947
Research and development expenses	5.8	-22,758	-22,292	-6,048	-6,378
Other revenue		370	470	121	94
Other expenses		-338	-337	-163	-90
Stock based compensation and ESOP plan		-1,238	-1,062	-145	-208
Amortization and impairment on goodwill, acquired technology and IP		-725	-580	-288	-96
<b>EBIT before repositioning costs</b>		<b>48,403</b>	<b>62,610</b>	<b>15,898</b>	<b>6,586</b>
<b>EBIT % before repositioning costs</b>		<b>37.5%</b>	<b>45.4%</b>	<b>41.3%</b>	<b>25.8%</b>
Repositioning costs		-	-1,405	-	-1,405
<b>Operating profit (EBIT)</b>		<b>48,403</b>	<b>61,205</b>	<b>15,898</b>	<b>5,181</b>
<b>Operating margin (EBIT) %</b>		<b>37.5%</b>	<b>44.4%</b>	<b>41.3%</b>	<b>20.3%</b>
Interest revenue on loans and deposits		213	149	64	72
Interest charges		-265	-267	-66	-71
Other net financial income / (expenses)	5.9	154	-1,534	-147	-110
Share in the result of the enterprise accounted for using the equity method	5.11	191	540	-191	433
Profit before taxes (PBT)		48,695	60,093	15,558	5,505
Income taxes	5.10	-15,345	-18,350	-5,036	-1,134
Net profit from continuing operations		33,349	41,743	10,522	4,371
Net profit		33,349	41,743	10,522	4,371
Attributable to :					
Non controlling interests		-681	-	-207	-
<b>Equity holders of the parent company</b>		<b>34,030</b>	<b>41,743</b>	<b>10,729</b>	<b>4,371</b>
<b>Net profit from operations, excl dcinex – share of the group (1)</b>	<b>5.3</b>	<b>36,092</b>	<b>44,567</b>	<b>11,543</b>	<b>5,754</b>
<b>EARNINGS PER SHARE (in number of shares and in EUR)</b>	<b>5.7</b>	<b>2013 Audited</b>	<b>2012 Audited</b>	<b>4Q13 Unaudited</b>	<b>4Q12 Unaudited</b>
Weighted average number of subscribed shares for the period less treasury shares		13,480,715	13,449,081	13,491,636	13,453,905
Weighted average fully diluted number of shares <sup>(2)</sup>		13,804,067	13,813,198	13,911,936	13,915,786
<b>Basic earnings – share of the group</b>		<b>2.52</b>	<b>3.10</b>	<b>0.80</b>	<b>0.32</b>
<b>Fully diluted earnings – share of the group <sup>(2)</sup></b>		<b>2.47</b>	<b>3.02</b>	<b>0.77</b>	<b>0.31</b>
<b>Basic net profit from operations, excl. dcinex – share of the group</b>		<b>2.68</b>	<b>3.31</b>	<b>0.86</b>	<b>0.43</b>

#### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(EUR thousands)	2013 Audited	2012 Audited	4Q13 Unaudited	4Q12 Unaudited
<b>Net profit</b>	<b>33,349</b>	<b>41,743</b>	<b>10,522</b>	<b>4,371</b>
<b>Other comprehensive income of the period</b>				
Currency translation differences	-141	-46	-184	-46
Other increase/(decrease)	-196	609	-416	432
<b>Total comprehensive income for the period</b>	<b>33,012</b>	<b>42,306</b>	<b>9,922</b>	<b>4,757</b>
Attributable to :				
Non controlling interests	-681	-	-207	-
<b>Equity holders of the parent company</b>	<b>33,693</b>	<b>42,306</b>	<b>10,129</b>	<b>4,757</b>

(1) The net profit from operations, excl. dcinex, is the net profit (share of the group) excluding non operating items (net of tax) and the dcinex contribution. Refer to the note 5.3: use of non-gaap financial measures.

(2) Excluding 408.000 warrants that were not exercisable at the end of December 2013, fully diluted earnings per share in FY13 would have been EUR 2.54 (see also note 5.6).

**ANNEX 2: CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
(BALANCE SHEET)**

<b>ASSETS (EUR thousands)</b>	<b>Note</b>	<b>Dec. 31, 2013 Audited</b>	<b>Dec. 31, 2012 Audited</b>
<b>Non-current assets :</b>			
Goodwill	5.12	1,393	610
Acquired technology and IP		96	479
Other intangible assets		630	534
Lands and buildings	5.16	31,855	19,261
Other tangible assets		1,843	1,846
Investment accounted for using equity method	5.11	8,480	7,717
Subordinated loans	5.11	1,330	830
Other financial assets		252	178
<b>Total non-current assets</b>		<b>45,878</b>	<b>31,455</b>
<b>Current assets :</b>			
Inventories		16,193	15,868
Trade receivables		29,535	21,101
Other amounts receivable, deferred charges and accrued income		5,569	5,111
Cash and cash equivalents		11,750	21,426
<b>Total current assets</b>		<b>63,048</b>	<b>63,507</b>
<b>Total assets</b>		<b>108,926</b>	<b>94,962</b>
<b>EQUITY AND LIABILITIES (EUR thousands)</b>			
	<b>Note</b>	<b>Dec. 31, 2013 Audited</b>	<b>Dec. 31, 2012 Audited</b>
<b>Equity :</b>			
<b>Capital</b>		<b>8,342</b>	<b>8,342</b>
Reserves		80,395	80,861
Interim dividends		-15,650	-15,606
Treasury shares		-5,029	-6,412
<b>Total consolidated reserves</b>		<b>59,716</b>	<b>58,843</b>
Translation differences		-60	81
<b>Equity attributable to equity holders of the parent company</b>		<b>67,998</b>	<b>67,266</b>
<b>Non-controlling interest</b>		<b>469</b>	<b>8</b>
<b>Total equity</b>	<b>4</b>	<b>68,466</b>	<b>67,274</b>
Long term provisions		1,254	2,035
Deferred taxes liabilities		1,043	1,036
Financial long term debts	5.16	8,282	541
<b>Non-current liabilities</b>		<b>10,579</b>	<b>3,612</b>
Short term portion of financial long term debts		1,791	291
Trade payables		5,446	6,626
Amounts payable regarding remuneration and social security		9,257	8,899
Income tax payable		4,666	1,367
Other amounts payable, advances received, accrued charges and deferred income		8,721	6,893
<b>Current liabilities</b>		<b>29,881</b>	<b>24,076</b>
<b>Total equity and liabilities</b>		<b>108,926</b>	<b>94,962</b>

**ANNEX 3: CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

(EUR thousands)	Note	2013 Audited	2012 Audited
<b>Cash flows from operating activities</b>			
Operating Profit (EBIT)		48,403	61,205
Adjustment for non cash items :			
- Depreciation and write-offs on fixed assets		3,684	3,381
- Stock based compensation and ESOP	1, 4	1,238	1,062
- Provisions and deferred taxes increase (+)/ decrease (-)		-774	938
		<b>52,551</b>	<b>66,585</b>
Increase (+)/decrease (-) of cash flows			
- Amounts receivable		-8,434	2,893
- Inventories		-325	-1,211
- Trade debts		-1,180	1,128
- Remuneration, social security and taxes debts		3,657	-3,374
- Other items of the working capital		1,524	-5,133
<i>Cash generated from operations</i>		<i>47,792</i>	<i>60,888</i>
Interest received		213	149
Income taxes	5.10	-15,345	-18,350
<b>Net cash from operating activities</b>		<b>32,659</b>	<b>42,687</b>
<b>Cash flows from investing activities</b>			
Purchase (-)/disposal (+) of intangible assets		-1,656	-526
Purchase (-)/disposal (+) of property, plant and equipment		-15,114	-9,633
Purchase (-)/disposal (+) of other financial assets		-572	184
<b>Net cash used in investing activities</b>		<b>-17,342</b>	<b>-9,975</b>
<b>Cash flows from financing activities</b>			
Operations with treasury shares	4, 5.6	1,383	502
Other net equity variations		231	611
Interest paid		-265	-267
Movements on borrowings	5.16	9,241	-334
Interim dividend paid	4, 5.5	-15,650	-15,600
Final dividend paid	4, 5.5	-19,933	-16,130
<b>Net cash used in financing activities</b>		<b>-24,993</b>	<b>-31,218</b>
<b>Net increase (+)/ decrease (-) in cash and cash equivalents</b>		<b>-9,676</b>	<b>1,494</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>21,426</b>	<b>19,932</b>
<b>Cash and cash equivalents at end of period</b>		<b>11,750</b>	<b>21,426</b>

**ANNEX 4: CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY**

(EUR thousands)	Issued capital	Other reserves	Treasury shares	Currency translation differences	Equity attributable to shareholders of the parent company	Minority interest	Total equity
<b>Balance as per December 31, 2011</b>	<b>8,342</b>	<b>54,112</b>	<b>-6,915</b>	<b>127</b>	<b>55,666</b>	<b>8</b>	<b>55,674</b>
Total comprehensive income for the period		42,352		-46	42,306		42,306
Share-based payments		528			528		528
Operations with treasury shares			502		502		502
Final dividend		-16,130			-16,130		-16,130
Interim dividend		-15,606			-15,606		-15,606
<b>Balance as per December 31, 2012</b>	<b>8,342</b>	<b>65,255</b>	<b>-6,413</b>	<b>81</b>	<b>67,266</b>	<b>8</b>	<b>67,274</b>

(EUR thousands)	Issued capital	Other reserves	Treasury shares	Currency translation differences	Equity attributable to shareholders of the parent company	Non controlling interest	Total equity
<b>Balance as per December 31, 2012</b>	<b>8,342</b>	<b>65,255</b>	<b>-6,413</b>	<b>81</b>	<b>67,266</b>	<b>8</b>	<b>67,274</b>
Total comprehensive income for the period		33,834		-141	33,693	-681	33,012
Business combination					0	1,142	1,142
Share-based payments		1,238			1,238		1,238
Operations with treasury shares			1,383		1,383		1,383
Final dividend		-19,933			-19,933		-19,933
Interim dividend		-15,650			-15,650		-15,650
<b>Balance as per December 31, 2013</b>	<b>8,342</b>	<b>64,745</b>	<b>-5,029</b>	<b>-60</b>	<b>67,998</b>	<b>469</b>	<b>68,466</b>



**ANNEX 5: NOTES TO THE CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS**

**NOTE 1: BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**

The consolidated financial statements of EVS Group for the 12 months period ended December 31, 2013 are established and presented in accordance with the International Financial Reporting Standards (IFRS), as adopted for use in the European Union.

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES AND METHODS**

The accounting policies and methods adopted for the preparation of the Company's IFRS consolidated financial statements are consistent with those applied in the 2012 consolidated financial statements. The Company's IFRS accounting policies and methods are available in the 2012 annual report on [www.evs.com](http://www.evs.com).

**NOTE 3: USE OF NON-GAAP FINANCIAL MEASURES**

EVS uses certain non-GAAP measures in its financial communication. EVS does not represent these measures as alternative measures to net profit or other financial measures determined in accordance with IFRS. These measures as reported by EVS might differ from similar titled measures used by other companies. We believe that these measures are important indicators of our business and are widely used by investors, analysts and other parties. In the press release, the non-GAAP measures are reconciled to financial measures determined in accordance with IFRS.

The reconciliation between the net profit for the period and the net profit from operations, excl. dcinex is as follows:

<b>(EUR thousands)</b>	<b>FY13</b>	<b>FY12</b>
Net profit attributable to equity holders of the parent company – IFRS	34,030	41,743
Allocation to Employees Profit Sharing Plan	755	507
Stock Option Plan	483	555
Amortization and impairment on acquired technology and IP	725	580
Amortization/impairment on Tax Shelter rights assets	6	192
Contribution of dcinex	93	-415
Repositioning costs	-	1,405
<b>Net profit from operations, excl. dcinex</b>	<b>36,092</b>	<b>44,567</b>

**NOTE 4: SEGMENT REPORTING**

**4.1. General information**

The company already applies IFRS 8 ("Operating segments") since the fiscal year ended on December 31, 2007.

From an operational point of view, the company is vertically integrated with the majority of its staff in the headquarters in Belgium, including the R&D, production, marketing and administration departments. This explains why the majority of the investments and costs are located at the level of the Belgian parent company. The foreign subsidiaries are primarily sales and representative offices. The Chief Operating Decision Maker, being the Executive Committee, reviews the operating results and operating plans, and makes resource allocation decisions on a company-wide basis. Sales relate to products of the same nature (digital broadcast production equipment) and are realized by commercial polyvalent teams. The company's internal reporting is the reflection of the above mentioned operational organization (which is primarily the translation of a new marketing approach), and is characterized by the strong integration of the activities of the company; only sales are identified following three dimensions: by geographical region, by market and by nature. EVS operates as one segment.

By consequence, the company is composed of one segment according to the IFRS 8 definition, and the consolidated income statement of the group reflects this unique segment. However, it does not exclude a future evolution of the segmentation following the development of the company, its products and its internal performance indicators.

The company provides only one type of solution: solutions based on tapeless workflows with a consistent modular architecture. This is the product of EVS. There are no other significant classes of business, either singularly or in aggregate. Indeed, identical modules can meet the needs of different markets, such as sports, entertainment, news and media. Our customers themselves are often multi-markets. Providing information for each module is therefore not relevant for EVS.

At the level of the geographical information, the activities are divided into the following regions: Asia-Pacific (“APAC”), Europe, Middle East and Africa (“EMEA”), and America (“NALA” or “Americas”). This division follows the organization of the commercial and support services within the group, which operates worldwide. From fiscal year 2013, “NALA” region is renamed “Americas”. A fourth region is dedicated to the worldwide events (“Big sporting events”).

The company provides additional information with a presentation of the revenue by destination: “Sports”, “ENM” (Entertainment, News & Media) and “Big sporting event rentals” for rental contracts relating to the big sporting events of the even years. The former categories “Outside broadcast vans” and the “TV production studios” are spread between these new markets.

Finally, sales are presented by nature: systems and services.

## 4.2. Additional information

### 4.2.1. Information on sales by destination

Revenue can be presented by destination: Sports, ENM (Entertainment, News and Media) and big sporting event rentals. Maintenance and after sale service are included in the complete solution proposed to the clients.

4Q13	4Q12	% 4Q13/ 4Q12	Revenue (EUR thousands)	FY13	FY12	% FY13/ FY12
21,725	16,003	+35.8%	Sports	87,631	91,607	-4.3%
16,799	9,557	+75.8%	Entertainment, News & Media	40,920	36,287	+12.8%
-	-	N/A	Big sporting event rentals	540	10,001	N/A
<b>38,524</b>	<b>25,560</b>	<b>+50.7%</b>	<b>Total Revenue</b>	<b>129,091</b>	<b>137,895</b>	<b>-6.4%</b>

2012 market split has been slightly reviewed compared to the numbers published on March 15, 2013 during the “EVS investor day”, following a deeper analysis of the different destinations. In particular, around 10% of former OB sales have been reallocated to ENM.

### 4.2.2. Information on sales by geographical information

Activities are divided by three regions: Asia-Pacific (“APAC”), Europe, Middle East and Africa (“EMEA”), and “Americas”.

#### 4.2.2.1. Revenue

Revenue for the quarter (EUR thousands)	APAC excl. events	EMEA excl. events	Americas excl. events	Big event rentals	TOTAL
<b>4Q13 revenue</b>	<b>11,238</b>	<b>16,295</b>	<b>10,992</b>	-	<b>38,524</b>
<b>Evolution versus 4Q12 (%)</b>	+143.7%	+16.3%	+58.5%	N/A	<b>+50.7%</b>
Variation versus 4Q12 (%) at constant currency	+143.7%	+16.3%	+66.3%	N/A	<b>+52.9%</b>
<b>4Q12 revenue</b>	<b>4,611</b>	<b>14,013</b>	<b>6,937</b>	-	<b>25,560</b>

  

Revenue for 12 months (EUR thousands)	APAC excl. events	EMEA excl. events	Americas excl. events	Big event Rentals	TOTAL
<b>FY13 revenue</b>	<b>36,464</b>	<b>62,769</b>	<b>29,318</b>	<b>540</b>	<b>129,091</b>
<b>Evolution versus FY12 (%)</b>	+42.5%	-5.0%	-19.2%	N/A	<b>-6.4%</b>
Variation versus FY12 (%) at constant currency	+42.5%	-5.0%	-16.4%	N/A	<b>-5.7%</b>
<b>FY12 revenue</b>	<b>25,581</b>	<b>66,043</b>	<b>36,270</b>	<b>10,001</b>	<b>137,895</b>

Sales realized in Belgium (the country of origin of the company) with external clients represent less than 5% of the total sales in the period. In the last 12 months, the group realized significant sales to external clients (according to the definition of IFRS 8) in two countries: the US (Americas, EUR 22.6 million in the last 12 months) and the UK (EMEA, EUR 15.6 million in the last 12 months).

#### 4.2.2.2. Long term assets

Considering the explanations given in 4.1., all long term assets are located in the parent company EVS Broadcast Equipment SA in Belgium.

#### 4.2.3. Information on systems and services

Revenue can be presented by nature: systems and services.

4Q13	4Q12	% 4Q13/ 4Q12	Revenue (EUR thousands)	FY13	FY12	% FY13/ FY12
36,352	23,952	+51.8%	Systems	121,290	129,461	-6.3%
2,172	1,608	+35.1%	Services	7,800	8,434	-7.5%
<b>38,524</b>	<b>25,560</b>	<b>+50.7%</b>	<b>Total Revenue</b>	<b>129,091</b>	<b>137,895</b>	<b>-6.4%</b>

Services include advices, installations, project management, training, maintenance, distant support that are explicitly included in the invoices.

#### 4.2.4. Information on important clients

No external client of the company represents more than 10% of the sales over the last 12 months.

### NOTE 5: DIVIDENDS

The Ordinary General Meeting of May 21, 2013 approved the payment of a total gross dividend of EUR 2.64 per share, including the interim dividend of EUR 1.16 per share paid in November 2012.

The Board of Directors of November 12, 2013 has decided to pay an interim gross dividend of EUR 1.16 per share (EUR 0.87 per share after 25% withholding tax) for the fiscal year 2013, with November 25 as ex-date, November 27 as record date and November 28 as payment date.

(EUR thousands)	# Coupon	2013	2012
- Final dividend for 2011 (EUR 1.20 per share less treasury shares)	14	-	16,130
- Interim dividend for 2012 (EUR 1.16 per share less treasury shares)	15	-	15,606
- Final dividend for 2012 (EUR 1.48 per share less treasury shares)	16	19,933	-
- Interim dividend for 2013 (EUR 1.16 per share less treasury shares)	17	15,650	-
<b>Total dividends paid</b>		<b>35,583</b>	<b>31,736</b>

### NOTE 6: EQUITY SECURITIES

The number of treasury shares has changed as follows during the period, together with the outstanding warrants at year-end:

	2013	2012
<b>Number of own shares at January 1</b>	<b>170,053</b>	<b>183,372</b>
Acquisition of own shares on the market	-	-
Sale of own shares on the market	-	-
Allocation to Employees Profit Sharing Plans	-12,239	-11,069
Sales related to Employee Stock Option Plan (ESOP) and other transactions	-24,450	-2,250
Own shares cancellation	-	-
<b>Number of own shares at December 31</b>	<b>133,364</b>	<b>170,053</b>
<b>Outstanding warrants at December 31</b>	<b>420,000</b>	<b>440,900</b>

In 2013, the company has not repurchased any share on the stock market. A total of 24,450 shares were used to satisfy the exercise of warrants by employees. The Ordinary General Meeting of shareholders of May 21, 2013 approved the allocation of 12,239 shares to EVS employees (grant of 23 or 46 shares to each staff member) as a reward for their contribution to the group successes. At the end of December 2013, the company owned 133,364 own shares at an average historical price of EUR 37.71. At the end of December 2013, 420,000 granted warrants were outstanding (of which 408,000 are not exercisable at the same date) with an average strike price of EUR 38.95 and an average maturity of December 2015. On February 20, 2014, 176,650 warrants will become exercisable, at an average exercise price of EUR 34.70.

### NOTE 7: EARNINGS PER SHARE (EPS)

The group calculates both the basic earnings per share and the diluted earnings per share in accordance with IAS 33. The basic earnings per share are calculated on the basis of the weighted average number of ordinary shares in circulation during the period less treasury shares. The diluted earnings per share are calculated on the basis of the average number of ordinary shares in circulation during the period plus the potential dilutive effect of the warrants and stock options in circulation during the period less treasury shares.

## NOTE 8: RESEARCH AND DEVELOPMENT

Since 4Q10, EVS takes into account a withholding tax exemption given since 2006 by the Belgian government to companies paying or allocating compensation to individual researchers who are engaged in collaborative R&D programs according to some criteria defined under section 273 of the Code of income tax in Belgium. In the presentation of the accounts, this amount comes as a deduction of R&D charges.

The detail of the R&D expense is as follows:

(EUR thousands)	FY13	FY12
Gross R&D expenses	24,012	23,575
R&D tax credits for current fiscal year	-1,254	-1,283
<b>R&amp;D expenses</b>	<b>22,758</b>	<b>22,292</b>

## NOTE 9: OTHER NET FINANCIAL INCOME / (EXPENSES)

(EUR thousands)	FY13	FY12
Exchange results from statutory accounts	676	-237
Exchange results relating to IFRS consolidation methodology	-451	-1,069
Impairment on Tax Shelter investments	-6	-192
Other financial results	-65	-36
<b>Other net financial income / (expenses)</b>	<b>154</b>	<b>-1,534</b>

The functional currency of EVS Broadcast Equipment S.A. as well as all of its subsidiaries is the euro, except for the American EVS Inc. subsidiary, whose functional currency is the US dollar. The presentation currency of the consolidated financial statements of EVS Group is the euro. For more information on exchange rates, see also the annex 5.14.

## NOTE 10: INCOME TAX

### Reconciliation of the tax charge

The effective tax charge of the group obtained by applying the effective tax rate to the pre-tax profit of the group, has been reconciled for the two periods with the theoretical tax charge obtained by applying the theoretical tax rate:

(EUR thousands)	FY13	FY12
<b>Reconciliation between the effective tax rate and the theoretical tax rate</b>		
Reported profit before taxes, share in the result of the enterpr. accounted for using the equity method	48,504	59,553
Reported tax charge based on the effective tax rate	-15,345	-18,350
<b>Effective tax rate</b>	<b>31.6%</b>	<b>30.8%</b>
<b>Reconciliation items for the theoretical tax charge</b>		
Tax effect of Tax Shelter	-51	-255
Tax effect of deduction for notional interests	-204	-177
Tax effect of non deductible expenditures	520	531
Other increase / (decrease)	529	93
Total tax charge of the group entities computed on the basis of the respective local nominal rates	-14,551	-18,158
<b>Theoretical tax rate (relating to EVS operations, excl. dcinex)</b>	<b>30.0%</b>	<b>30.5%</b>

## NOTE 11: INVESTMENTS IN ASSOCIATES - dcinex SA (formerly XDC SA)

EVS currently owns 41.3% of dcinex SA share capital and has a fully diluted share of 31.2% in the company. In January 2013, EVS bought back EUR 0.5 million subordinated loan associated with warrants in dcinex SA from another former minority shareholder of the company, bringing EVS fully diluted share in dcinex from 30.3% up to 31.2% while the number of shares EVS holds in dcinex SA remains 41.3%.

As of December 31, 2013, dcinex shares accounted for using equity method in EVS consolidated accounts, plus the EVS share of the subordinated bonds issued by dcinex, amounted to EUR 9.1 million.

The dcinex accounts and their contribution into EVS consolidated accounts break down as follows:

<b>(EUR thousands)</b>	<b>FY13</b>	<b>FY12</b>
Revenue	92,294	88,809
EBITDA	31,363	23,795
<b>Net result for the period</b>	<b>224</b>	<b>1,004</b>
Part of dcinex capital held by EVS	41.3%	41.3%
<b>dcinex contribution – share of EVS</b>	<b>93</b>	<b>415</b>

The cumulated Tax Loss Carry Forward of dcinex SA amounts to EUR 29.7 million on December 31, 2013. As at December 31, 2013, 65.9% of deferred tax assets relating to these losses have been recognized.

## NOTE 12: GOODWILL ON DYVI Live /SVS

In May 2013, EVS acquired a minority stake (25.1% of the voting shares) in SVS GmbH, a private company based in Germany (“the Company”) whose principal activity is the research and development of network-based technology. The principal reason for this investment is to give EVS access to this promising technology.

Based on current and potential future EVS involvement in this Company, it is fully consolidated as from May 2013 and non controlling interest is accounted for 74.9%. The acquisition has been accounted for using the acquisition method.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows (at the date of the acquisition):

<b>(EUR thousands)</b>	<b>Fair value</b>
Intangible assets	185
Cash	800
Receivables	700
Payables	-185
<b>Total net assets</b>	<b>* 1,500</b>
EVS share	25.1%
<b>Total net assets attributable to EVS</b>	<b>375</b>
<b>Fair value of consideration paid</b>	
Cash	-1,500
<b>Total consideration</b>	<b>-1,500</b>
<b>Goodwill</b>	<b>1,125</b>

\* including the amount that EVS is committed to convert in equity during the next years.

Later in 2013, EVS has created DYVI Live sa (of which it owns 95%) as exclusive distributor of SVS products. This entity is fully consolidated in the EVS accounts.

In 2013, these two entities have contributed EUR 0 million to EVS revenues, EUR -1.6 million to EBIT and EUR -0.8 million to net group profit, including non-controlling interest. At December 31, 2013, intangible assets and goodwill amount to EUR 1.3 million. The initial accounting of the intangible assets is subject to changes during the assessment period of maximum one year. The Company should start generating revenues in 2014.

## NOTE 13: HEADCOUNT

<b>(in full time equivalents)</b>	<b>At December 31</b>	<b>Twelve-months average</b>
2013	486	471
2012	463	439
<i>Variation</i>	<i>+5.0%</i>	<i>+7.3%</i>

#### **NOTE 14: EXCHANGE RATES**

The main exchange rate that influences the consolidated financial accounts is USD/EUR which has been taken into account as follows:

Exchange rate USD / EUR	Average FY	Average 4Q	At December 31
2013	1.3281	1.3609	1.3791
2012	1.2848	1.2973	1.3194
Variation	-3.3%	-4.7%	-4.3%

For 2013, the average US dollar exchange rate against the Euro has decreased by 3.3% compared to 2012. It had a negative impact of EUR 1.0 million on revenue (0.8%). This was offset by both the natural hedge (on costs of materials and electronics, foreign operating expenses and foreign taxes) and the financial hedge which covers 50% of EVS net long position on 12 month forward horizon.

#### **NOTE 15: FINANCIAL INSTRUMENTS**

Periodically, EVS measures the group's anticipated exposure to transactional exchange risk over one year, mainly relating to the EUR/USD risk. Given the group has a "long" position in USD and based on sales forecasts, EVS hedges future USD net inflows by forward foreign exchange contracts. The relevant hedging results are booked as financial results.

On December 31, 2013, the group held USD 3.0 million in forward exchange contracts earmarked to hedge 50% of the net future cash-flows in US dollars, with an average maturity date of July 11, 2014, and with an average exchange rate EUR/USD of 1.2817.

#### **NOTE 16: FINANCIAL DEBT AND NEW BUILDING INVESTMENT**

In order to partially finance its new HQ and operating facilities, EVS secured in November 2014 a senior debt funding of EUR 24 million over 7 years with 3 major banks: European Investment Bank (50%, through the GFI initiative), ING (25%) and BNPPF (25%). As of December 31, 2013, EVS has drawn EUR 8.0 million on this credit line. The new headquarter shall be inaugurated at the end of 2014.

#### **NOTE 17: SUBSEQUENT EVENTS**

There was no subsequent event that may have a material impact on the balance sheet or income statement of EVS.

#### **NOTE 18: RISK AND UNCERTAINTIES**

Investing in the stock of EVS involves risks and uncertainties. The risks and uncertainties relating to the year 2014 and similar to the risks and uncertainties that have been identified by the management of the company and that are listed in the management report of the annual report (available at [www.evs.com](http://www.evs.com)).

#### **NOTE 19: CONFLICT OF INTEREST – RELATED PARTIES TRANSACTIONS**

During the period under review, there was no conflict of interest according to the specific procedure provided for under Articles 523 and 524 of Company Law ("Code des Sociétés").

There were no related party transactions.

There were no changes in the related parties' transactions as described in the last management report ("rapport de gestion").

## **Certification of responsible persons**

Joop Janssen, Managing Director and CEO,  
Jacques Galloy, Director, (2013 actuals)  
Magdalena Baron, CFO, (forward-looking)

Certify that, based on their knowledge,

- a) the condensed financial statements, prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union, fairly present in all material respects the financial condition and results of operations of the issuer and the companies included in the consolidation,
- b) the Directors' report fairly presents the important events and related parties transactions of 2013, including their impact on the condensed financial statements, and a description of the existing risks and uncertainties.