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

EVS REPORTS 2014 RESULTS

2015 will be a transition year

> **FY14 highlights**

- Revenue of EUR 131.4 million, +1.8% (-8.9% excl. event rentals and at constant currency), in line with low single digit growth guidance
- Growth in Americas, stable performance in EMEA and challenging APAC
- Operating expenses growth at 6.7% vs 2013, outperforming last guidance
- EBIT of EUR 46.1 million (35.1% EBIT margin), net profit of EUR 35.5 million, EPS of EUR 2.63 (+4.2% vs 2013)

> **4Q14 highlights**

- Revenue of EUR 30.5 million, -20.8% (-22.5% excl. event rentals and at constant currency), compared to a very strong 4Q13
- Gross margin of EUR 22.3 million (73.0% of revenue), EBIT of EUR 8.9 million (29.1% of revenue)
- Net profit of EUR 8.3 million, EPS of EUR 0.61

> **Corporate highlights**

- Muriel De Lathouwer is appointed as Managing Director & CEO of the company
- Acquisition of the remaining shares in SVS and DYVI
- Closing of the dcinex disposal, generating a EUR 2.0 million capital gain in 4Q14

> **2015 outlook**

- Order book of EUR 29.8 million on February 15, 2015
 - > -38.3% vs. 2014 (-24.3% excl. big event rentals)
 - > In addition, EUR 2.6 million order book for 2016 and beyond
- 2015 guidance:
 - > Live production server market continues to be weak
 - > Opex is expected to grow at high single digit vs 2014

KEY FIGURES

Unaudited			EUR millions, except earnings per share expressed in EUR	Audited		
4Q14	4Q13	4Q14/4Q13		FY14	FY13	FY14/FY13
30.5	38.5	-20.8%	Revenue	131.4	129.1	+1.8%
22.3	28.2	-21.1%	Gross margin	97.8	97.5	+0.3%
73.0%	73.3%	-	Gross margin %	74.5%	75.5%	-
8.9	15.9	-44.1%	Operating profit – EBIT	46.1	48.4	-4.8%
29.1%	41.3%	-	Operating margin – EBIT %	35.1%	37.5%	-
8.3	10.7	-23.0%	Net profit (Group share)	35.5	34.0	+4.4%
0.61	0.80	-23.0%	Basic earnings per share (Group share)	2.63	2.52	+4.2%

COMMENTS

“Our performance in 2014 indicates that we have clearly maintained our leadership position in high end video live production, but we have to cope with the slowdown of the live production server market”, said Muriel De Lathouwer, Managing Director & CEO of EVS. “Over the last four months, we have set up a new organization and launched many initiatives relating to the refocus on our core business, such as the dcinex disposal, the acquisition of SVS/DYVI or in terms of product prioritization. They will help us to be even better armed for the future, to seize new opportunities. I am really happy to pursue, as CEO, what has been initiated with the executive committee over the last months.”

Commenting on the results and prospects, Magdalena Baron, CFO, said: “2014 revenue is in line with our low single digit growth guidance compared to 2013 and reflects the continuing challenging market situation. We keep our focus on the costs management. Our efforts, combined with the deliberately postponed move to the new building given the recent organizational

change, resulted in 6.7% operating expenses growth versus last year compared to the guidance of “around 10% growth”. The 6.7% increase is driven by controlled investments in internal resources (+6.8% average FTE increase, which represents a substantial reduction versus the initial plan) and the SVS/Dyvi contribution, partially offset by opex control programs. For 2015, we have limited visibility on the top line, observe the order book at -24.3% compared to 2014 excl big events, and guide for high single digit operating expenses growth vs 2014. The 2015 opex growth is the combination of the full year effect of 2014 hiring and investments decisions, and additional investments in the organization, partially offset by the savings programs and stringent expense control.”

Revenue in 4Q14 and FY14

EVS revenue amounted to **EUR 30.5 million in 4Q14**, a decrease of 20.8% (-22.4% at constant currency and excluding the big event rentals) compared to 4Q13, but an increase of 19.4% compared to 4Q12. 4Q13 very strong revenue had been positively impacted by the recovery in the US after a weak 1H2013, and a large contract in APAC. 4Q14 sales in **Sports** represented 65.2% of total group sales, and **ENM** (Entertainment, News and Media) sales 34.8%.

EVS revenue amounted to **EUR 131.4 million in FY14**, an increase by 1.8% (-8.9% at constant currency and excluding the big event rentals) compared to FY13. Sales of solutions in **Sports** decreased by 6.6% (-6.6% at constant currency) to EUR 81.9 million, representing 62.3% of total group sales in FY14. **ENM** sales decreased by 14.0% in FY14 to EUR 35.2 million (-14.0% at constant currency). ENM sales represented 26.8% of total sales in FY14. **Big events rentals** amounted to EUR 14.3 million in FY14 (relating to the Sochi Winter Olympics, the Soccer World Cup in Brazil, the Commonwealth games, the Asian games and the Youth Olympic games), compared to EUR 0.5 million in FY13. They represented 10.9% of total sales in FY14.

4Q14	4Q13	%4Q14/ 4Q13	Revenue – EUR millions ⁽¹⁾	FY14	FY13	% FY14/ FY13
30.5	38.5	-20.8%	Total reported	131.4	129.1	+1.8%
29.9	38.5	-22.4%	Total at constant currency	131.4	129.1	+1.8%
29.9	38.5	-22.5%	Total at constant currency and excluding big event rentals	117.1	128.6	-8.9%

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

Geographically, sales (excl. big event rentals) have evolved in FY14 as follows:

- Europe, Middle-East and Africa (“**EMEA**”): EUR 62.8 million (+0.1% compared to FY13, at constant currency)
- “**Americas**”: EUR 32.9 million (+12.3% compared to FY13, at constant currency)
- Asia & Pacific (“**APAC**”): EUR 21.3 million (-41.5% at constant currency).

4Q14 results

Consolidated gross margin was 73.0% for 4Q14, stable compared to 4Q13 thanks to a better product and project mix, and despite lower sales. Operating expenses grew by 11.7%, mainly due to the full effect of the new hires from the first 9 months of 2014, one-time exceptional costs (departure of Joop Janssen), IS/IT investments in the group. This leads to a **4Q14 EBIT margin of 29.1%**, compared to 41.3% last year. The disposal of dcinex on October 20 resulted in a one-time capital gain of EUR 2.0 million. Tax rate was lower in 4Q14, as a result of changes in the structure of some subsidiaries to better reflect their operational functions and tax exempt capital gain on the disposal of dcinex. Group net profit amounted to EUR 8.3 million in 4Q14, compared to EUR 10.7 million in 4Q13. **Basic net profit per share amounted to EUR 0.61 in 4Q14**, compared to EUR 0.80 for 4Q13.

FY14 results

Consolidated gross margin was 74.5% for FY14, compared to 75.5% in FY13 due to product and project mix, some reclassification between R&D and cost of goods sold and higher write-offs. Operating expenses grew by 6.7%, mainly due to some extra hires and additional costs in 2014 that include the investment in SVS/DYVI. This is below the previous guidance of approximately 10% opex growth, driven by lower than expected new building opex cost (postponed move due to some changes needed in the building to reflect the new organization and a more optimal reuse of some existing equipment in the building), an immediate adoption of cost initiatives by the new organization and a lower than expected cost relating to the CEO recruitment. This leads to a **FY14 EBIT margin of 35.1%**, compared to 37.5% in 2013. dcinex contributed EUR -0.2 million to EVS results in FY14 until the date of its disposal, which, in addition, resulted in a one-time capital gain of EUR 2.0 million. Tax rate was lower in FY14, as a result of changes in the structure of some subsidiaries to better reflect their operational functions and tax exempt capital gain on the disposal of dcinex. Group net profit amounted to EUR 35.5 million in FY14, compared to EUR 34.0 million in FY13. **Basic net profit per share amounted to EUR 2.63 in FY14**, +4.2% compared to EUR 2.52 for FY13.

Staff

At the end of December 2014, EVS employed 512 people (FTE), +5.3% compared to December 2013 (486). On average, EVS employed 503 FTE in FY14, compared to 471 in FY13, a 6.8% increase.

Balance sheet and cash flow statement

Total equity represented 52.6% of total balance sheet at the end of December 2014. Inventories amounted to EUR 15.4 million, including around EUR 4.0 million value of own equipment used for R&D and demos of EVS products. Inventories were down compared to September 2014 and the end of 2013, as the level of equipment used during the different big sporting events has decreased. In the liabilities, provisions include mainly the provision for technical warranty on EVS products for labor and parts.

At the end of 2011, EVS started the construction of a new integrated building in the proximity of its current location in Liège, in order to gather all employees of EVS headquarters in one location, currently split in 6 different buildings. EUR 51,2 million have been invested by the end of December 2014 (less EUR 5.6 million of subsidies booked at the same date). The total budget for the project (including some higher investments in future-proof equipment) is estimated around EUR 58.5 million. In November 2013, EVS secured the financing of the new building through senior debt of EUR 24 million with EIB (50%), ING (25%) and BNPPF (25%) over 7 years. In May 2014, EVS has added EUR 12 million of available loan facilities (50% ING and 50% BNPPF). At the end of December 2014, a total of EUR 30.0 million has been drawn on these available facilities.

The net cash from operating activities amounted to EUR 40.3 million in FY14. On December 31, 2014, the group balance sheet showed **EUR 25.6 million in cash and cash equivalents**, and EUR 31.9 million in financial long-term debts (including short term portion of it).

At the end of December 2014, there were 13,625,000 EVS outstanding shares, of which 140,498 were owned by the company. At the same date, 372,050 warrants were outstanding with an average strike price of EUR 39.85 and an average maturity in November 2016.

Appointment of Muriel De Lathouwer as CEO

Muriel De Lathouwer, currently President of the Executive Committee of EVS (after the departure of Joop Janssen in October 2014), is appointed as Managing Director & CEO of the company. She has been a member of the Board of Directors of EVS since November 2013, and she also chairs the Strategic Committee. This appointment is effective immediately.

Segment reporting

Following the change in the internal organization, EVS will change its segment reporting as from 1Q15. The company will publish revenue data for "Outside broadcast vans", "studios and others" and "big event rentals", which will be very close to the disclosure used by the company until 2012. The disclosure by region and by nature will remain unchanged. Comparative quarterly figures for 2014 will be provided before May 12, 2015, when the first quarter results will be released.

Outlook

The **order book** (to be invoiced in 2015) on February 15, 2015 amounts to **EUR 29.8 million**, which is -38.3% compared to EUR 48.2 million on February 15, 2014 (-24.3% excl. the EUR 9.3 million for big event rentals that were in the order book last year). The order book includes EUR 0.3 million of big events rentals.

In addition to this order book to be invoiced in 2015, EVS already has EUR 2.6 million of orders to be invoiced in 2016 and beyond.

The slowdown witnessed in the broadcast industry (and more specifically the live production server market) persists. The EVS management explains this slowdown by macro-economic headwinds and longer investment cycles. With very limited visibility at the moment, the EVS management remains prudent for 2015, an uneven year which, as usual, should only include a limited amount of rentals for big sporting events (compared to a record EUR 14.3 million in 2014). While numerous actions have been taken for tighter opex management, the investments made and the people hired in 2014 will mechanically add opex in 2015 (including higher depreciation relating to the new building). This will lead to an expected high single digit opex growth in 2015.

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.

Conference call

EVS will hold a conference call in English today at 3:00 pm CET for financial analysts and institutional investors. Other interested parties may join the call in a listen-only mode. The presentation used during the conference call will be available shortly before the call on the EVS website.

Dial-in numbers: +44 (0)207 1620 077 (United Kingdom), +32 (0)2 290 14 07 (Belgium), +1 334 323 6201 (United States)
Conference call ID: 951496

Corporate Calendar:

Tuesday May 12, 2015: 1Q15 results
Tuesday May 19, 2015: Ordinary General Meeting
Thursday August 27, 2015: 2Q15 results
Friday November 13, 2015: 3Q15 results

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 20 offices in Europe, the Middle East, Asia and North America. A total of 512 EVS professionals sell 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.

Condensed consolidated financial statements

ANNEX 1: CONDENSED CONSOLIDATED INCOME STATEMENT

(EUR thousands)	Notes	FY14 Audited	FY13 Audited	4Q14 Unaudited	4Q13 Unaudited
Revenue	5.4	131,403	129,091	30,526	38,524
Cost of sales		-33,557	-31,583	-8,250	-10,281
Gross profit		97,846	97,507	22,275	28,243
Gross margin %		74.5%	75.5%	73.0%	73.3%
Selling and administrative expenses		-25,126	-24,416	-6,643	-5,822
Research and development expenses	5.8	-25,214	-22,758	-6,617	-6,048
Other revenue		138	370	86	121
Other expenses		-193	-338	-67	-163
Stock based compensation and ESOP plan		-1,000	-1,238	-86	-145
Amortization and impairment on goodwill, acquired technology and IP		-364	-725	-67	-288
Operating profit (EBIT)		46,087	48,403	8,881	15,898
Operating margin (EBIT) %		35.1%	37.5%	29.1%	41.3%
Interest revenue on loans and deposits		196	213	66	64
Interest charges		-331	-265	-85	-66
Other net financial income / (expenses)	5.9	1,128	154	344	-147
dcinex disposal	5.11	1,977	-	1,977	-
Share in the result of the enterprise accounted for using the equity method	5.11	-122	191	-409	-191
Profit before taxes (PBT)		48,933	48,695	10,774	15,558
Income taxes	5.10	-14,675	-15,345	-2,872	-5,036
Net profit from continuing operations		34,259	33,349	7,902	10,522
Net profit		34,259	33,349	7,902	10,522
Attributable to :					
Non controlling interest	5.12	-1,279	-681	-354	-207
Equity holders of the parent company		35,537	34,030	8,256	10,729
Net profit from operations, excl dcinex – share of the group (1)	5.3	35,173	35,907	6,893	11,543
EARNINGS PER SHARE (in number of shares and in EUR)	5.7	FY14 Audited	FY13 Audited	4Q14 Unaudited	4Q13 Unaudited
Weighted average number of subscribed shares for the period less treasury shares		13,513,053	13,480,715	13,484,502	13,491,636
Weighted average fully diluted number of shares		13,894,568	13,804,067	13,866,737	13,911,936
Basic earnings – share of the group		2.63	2.52	0.61	0.80
Fully diluted earnings – share of the group (2)		2.56	2.47	0.60	0.77
Basic net profit from operations, excl dcinex – share of the group		2.60	2.68	0.51	0.86

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(EUR thousands)		FY14 Audited	FY13 Audited	4Q14 Unaudited	4Q13 Unaudited
Net profit		34,259	33,349	7,902	10,522
Other comprehensive income of the period					
Currency translation differences		431	-141	194	-184
Other increase/(decrease)		-36	-196	450	-416
Total comprehensive income for the period		34,654	33,012	8,546	9,922
Attributable to :					
Non controlling interest	5.12	-1,279	-681	-354	-207
Equity holders of the parent company		35,932	33,693	8,900	10,129

- (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.
- (2) Excluding 372,050 warrants that were not exercisable at the end of December 2014, fully diluted earnings per share in 4Q14 would have been EUR 0.61 (see also note 5.6)

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

ASSETS (EUR thousands)	Notes	Dec. 31, 2014 Audited	Dec. 31, 2013 Audited
Non-current assets :			
Goodwill		1,125	1,393
Acquired technology and IP		0	96
Other intangible assets		415	630
Lands and buildings	5.16	46,088	31,855
Other tangible assets		1,835	1,843
Investment accounted for using equity method	5.11	836	8,480
Bonds (Ymagis)	5.11	6,361	-
Subordinated loans	5.11	151	1,330
Other financial assets		260	252
Total non-current assets		57,072	45,878
Current assets :			
Inventories		15,365	16,193
Trade receivables		28,210	29,535
Other amounts receivable, deferred charges and accrued income		5,486	5,569
Other financial assets		1,575	1,611
Cash and cash equivalents		25,556	10,139
Assets classified as held for sale	5.16	6,445	-
Total current assets		82,636	63,048
Total assets		139,707	108,926

EQUITY AND LIABILITIES (EUR thousands)	Notes	Dec. 31, 2014 Audited	Dec. 31, 2013 Audited
Equity :			
Capital			
Reserves		83,650	80,395
Interim dividends		-13,485	-15,650
Treasury shares		-5,364	-5,029
Total consolidated reserves		64,801	59,716
Translation differences		371	-60
Equity attributable to equity holders of the parent company		73,514	67,998
Non-controlling interest		6	469
Total equity	4	73,520	68,466
Non-current liabilities			
Long term provisions		1,077	1,254
Deferred taxes liabilities		1,627	1,043
Financial long term debts	5.16	24,800	8,282
Other long term debts	5.12	2,151	-
Non-current liabilities		29,655	10,579
Current liabilities			
Short term portion of financial debts	5.16	7,107	1,791
Trade payables		5,225	5,446
Amounts payable regarding remuneration and social security		9,932	9,257
Income tax payable		8,195	4,666
Other amounts payable, advances received, accrued charges and deferred income		6,075	8,721
Current liabilities		36,533	29,881
Total equity and liabilities		139,707	108,926

ANNEX 3: CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(EUR thousands)	Notes	2014 Audited	2013 Audited
Cash flows from operating activities			
Operating Profit (EBIT)		46,087	48,403
Adjustment for non cash items :			
- Depreciation and write-offs on fixed assets		2,599	3,684
- Stock based compensation and ESOP	1, 4	1,000	1,238
- Provisions and deferred taxes increase (+)/ decrease (-)		406	-774
		50,092	52,551
Increase (+)/decrease (-) of cash flows			
- Amounts receivable		1,325	-8,434
- Inventories		828	-325
- Trade debts		-221	-1,180
- Remuneration, social security and taxes debts		4,240	3,657
- Other items of the working capital		-1,472	1,524
<i>Cash generated from operations</i>		<i>54,791</i>	<i>47,792</i>
Interest received		196	213
Income taxes	5.10	-14,675	-15,345
Net cash from operating activities		40,313	32,659
Cash flows from investing activities			
Purchase (-)/disposal (+) of intangible assets		-245	-1,656
Purchase (-)/disposal (+) of property, plant and equipment		-22,445	-15,114
Purchase (-)/disposal (+) of other financial assets	5.11	4,797	-429
Net cash used in investing activities		-17,893	-17,199
Cash flows from financing activities			
Operations with treasury shares	4, 5.6	-335	1,383
Other net equity variations		-61	231
Interest paid		-331	-265
Movements on long-term borrowings	5.16	21,834	9,241
Interim dividend paid		-13,485	-15,650
Final dividend paid	4, 5.5	-13,625	-19,933
SVS cash impact	5.12	-1,000	-
Net cash used in financing activities		-7,003	-24,993
Net increase (+)/ decrease (-) in cash and cash equivalents		15,417	-9,533
Cash and cash equivalents at beginning of period		10,139	19,672
Cash and cash equivalents at end of period		25,556	10,139

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	Non-controlling interest	Total equity
Balance as per December 31, 2012	8,342	65,255	-6,413	81	67,266	8	67,274
Total comprehensive income for the period		33,834		-141	33,693	-681	33,012
Business combination						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
Balance as per December 31, 2013	8,342	64,745	-5,029	-60	67,998	469	68,466

(EUR thousands)	Issued capital	Other reserves	Treasury shares	Currency translation differences	Equity attributable to shareholders of the parent company	Non-controlling interest	Total equity
Balance as per December 31, 2013	8,342	64,745	-5,029	-60	67,998	469	68,466
Total comprehensive income for the period		35,501		431	35,932	-463	35,469
Business combination		-3,971			-3,971		-3,971
Share-based payments		1,000			1,000		1,000
Operations with treasury shares			-335		-335		-335
Final dividend		-13,625			-13,625		-13,625
Interim dividend		-13,485			-13,485		-13,485
Balance as per December 31, 2014	8,342	70,165	-5,364	371	73,514	6	73,520

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 month-period ended December 31, 2014, 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 2013 consolidated financial statements. The Company's IFRS accounting policies and methods are available in the 2013 annual report on 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:

(EUR thousands)	FY14	FY13
Net profit for the period – IFRS	35,537	34,030
Allocation to Employees Profit Sharing Plan	466	755
Stock Option Plan	534	483
Amortization and impairment on acquired technology and IP	364	725
Amortization/impairment on Tax Shelter rights assets	-	6
Contribution of dcinex	248	-93
dcinex disposal	-1,977	-
Net profit from operations, excl. dcinex	35,173	35,907

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 (“Americas”). This division follows the organization of the commercial and support services within the group, which operates worldwide. 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. As from 2015, the company will change this and provide information split into “Outside broadcast vans”, “Studios and others” and “Big sporting event rentals”.

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.

4Q14	4Q13	% 4Q14/ 4Q13	Revenue (EUR thousands)	FY14	FY13	% FY14/ FY13
19,883	21,725	-8.5%	Sports	81,874	87,631	-6.6%
10,609	16,799	-36.8%	Entertainment, News & Media	35,184	40,920	-14.0%
34	-	N/A	Big sporting event rentals	14,345	540	N/A
30,526	38,524	-20.8%	Total Revenue	131,403	129,091	+1.8%

4.2.2. Information on sales by geographical information

Activities are divided in 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
4Q14 revenue	5,941	16,915	7,636	34	30,526
Evolution versus 4Q13 (%)	-47.1%	+3.8%	-30.5%	N/A	-20.8%
Variation versus 4Q13 (%) at constant currency	-47.1%	+3.8%	-36.2%	N/A	-22.5%
4Q13 revenue	11,238	16,295	10,992	-	38,524

Revenue for 12 months (EUR thousands)	APAC excl. events	EMEA excl. events	Americas excl. events	Big event Rentals	TOTAL
FY14 revenue	21,338	62,803	32,917	14,345	131,403
Evolution versus FY13 (%)	-41.5%	+0.1%	+12.3%	N/A	+1.8%
Variation versus FY13 (%) at constant currency	-41.5%	+0.1%	+12.3%	N/A	-8.9%
FY13 revenue	36,464	62,769	29,318	540	129,091

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 26.9 million in the last 12 months) and the UK (EMEA, EUR 14.0 million).

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.

4Q14	4Q13	% 4Q14/ 4Q13	Revenue (EUR thousands)	FY14	FY13	% FY14/ FY13
28,254	36,352	-22.3%	Systems	122,378	121,290	+0.9%
2,272	2,172	+5.4%	Services	8,975	7,800	+15.3%
30,526	38,524	-20.8%	Total Revenue	131,403	129,091	+1.8%

Services include advices, installations, project management, training, maintenance, distant support that are literally 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 20, 2014 approved the payment of a total gross dividend of EUR 2.16 per share, including the interim dividend of EUR 1.16 per share paid in November 2013, leading to a final gross dividend of EUR 1.00 per share, for digital coupon # 18, ex-date May 28 and pay date June 2.

The Board of Directors of November 10, 2014 has decided to pay an interim gross dividend of EUR 1.00 per share (EUR 0.75 per share after 25% withholding tax) for the fiscal year 2014 with November 24 as ex-date, November 25 as record date and November 26 as payment date.

(EUR thousands)	# Coupon	2014	2013
- 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
- Final dividend for 2013 (EUR 1.00 per share less treasury shares)	18	13,625	-
- Interim dividend for 2014 (EUR 1.00 per share less treasury shares)	19	13,485	-
Total dividends paid		27,110	35,583

NOTE 6: EQUITY SECURITIES

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

	2014	2013
Number of own shares at January 1	133,364	170,053
Acquisition of own shares on the market	127,500	-
Sale of own shares on the market	-	-
Allocation to Employees Profit Sharing Plans	-10,166	-12,239
Sales related to Employee Stock Option Plan (ESOP) and other transactions	-110,200	-24,450
Own shares cancellation	-	-
Number of own shares at December 31	140,498	133,364
Outstanding warrants at December 31	372,050	420,000

In 2014, the company repurchased 127,500 share on the stock market at an average share price of EUR 38.25. A total of 110,200 shares were used to satisfy the exercise of warrants by employees. The Ordinary General Meeting of shareholders of May 20, 2014 approved the allocation of 10,166 shares to EVS employees (grant of 37 shares to each staff member in proportion to their effective or assimilated time of occupation in 2013) as a reward for their contribution to the group successes. At the end of December 2014, the company owned 140,498 own shares at an average historical price of EUR 38.18. At the same date, 372,050 warrants were outstanding with an average strike price of EUR 39.85 (following the grant of 99,500 warrants, 110,200 exercises and 37,250 cancellation in 2014) and an average maturity of November 2016.

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)	FY14	FY13
Gross R&D expenses	26,659	24,012
R&D tax credits for current fiscal year	-1,445	-1,254
R&D expenses	25,214	22,758

NOTE 9: OTHER NET FINANCIAL INCOME / (EXPENSES)

(EUR thousands)	FY14	FY13
Exchange results from statutory accounts	-22	676
Exchange results relating to IFRS consolidation methodology	1,042	-451
Impairment on Tax Shelter investments	-	-6
Other financial results	108	-65
Other net financial income / (expenses)	1,128	154

The functional currency of EVS Broadcast Equipment S.A. as well as all of the 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)	FY14	FY13
Reconciliation between the effective tax rate and the theoretical tax rate		
Reported profit before taxes, share in the result of the enterp. accounted for using the equity method	49,055	48,504
Reported tax charge based on the effective tax rate	-14,675	-15,345
Effective tax rate	29.9%	31.6%
Reconciliation items for the theoretical tax charge		
Tax effect of tax-exempt income on dcinex disposal	-672	-
Tax effect of Tax Shelter	-	-51
Tax effect of deduction for notional interests	-170	-204
Tax effect of non deductible expenditures	343	520
Other increase / (decrease)	163	529
Total tax charge of the group entities computed on the basis of the respective local nominal rates	-15,011	-14,551
Theoretical tax rate (relating to EVS operations, excl. dcinex)	30.6%	30.0%

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

In 2014, EVS has sold its 41.3% stake in dcinex to Ymagis SA. Until the closing of the transaction, on October 20, 2014, dcinex was accounted using equity method in EVS consolidated accounts with a negative contribution (share of the group) of EUR -0.2 million.

On October 20, 2014, the value of dcinex in the EVS consolidated accounts was EUR 7.3 million. In addition to this, there were also EUR 1.3 million subordinated loans on the EVS balance sheet.

According to the agreement, the transaction has been valued in the EVS accounts at a total of EUR 9.9 million, including:

- EUR 1.6 million in cash (EUR 2.1 million less EUR 0.5 million for all fees and costs associated with the transaction)
- EUR 2.0 million in Ymagis shares (288,851 shares, sold on November 28 at EUR 6.89 per share)
- EUR 6.4 million in Ymagis bonds (OBSA), which have a maximum maturity of 5 years. These bonds are associated with warrants.

At the closing of the transaction, EVS reversed adjustments relating to dcinex that were booked directly in the equity of EVS (as required by IFRS) over the last few years until the disposal date for an amount of EUR 0.6 million. This resulted in a net capital gain of EUR 2.0 million in the EVS consolidated income statement.

On the EVS balance sheet, the Ymagis bonds are classified in the non-current assets. There is still an amount of EUR 151,100 subordinated loans to be repaid by dcinex.

On the cash flow statement, the transaction is reflected in the cash flows from investing activities, with EUR 4.6 million proceeds (EUR 1.6 million cash, EUR 1.1 million subordinated bond repaid by dcinex and EUR 2.0 million from the sale of the Ymagis shares) booked under "disposal of other financial assets".

NOTE 12: SVS-DYVI Live

In May 2013, EVS acquired a minority stake (25.1% of the voting shares) in SVS GmbH, a private company based in Germany ("SVS") whose principal activity is the research and development of network-based technology. Notwithstanding that EVS only held 25.1% of the shares outstanding, the Group considered to have the control of SVS because it had the power on the business decisions and it controlled totally the outflow of the company.

In December 2014, EVS acquired:

- the remaining 74,9% it didn't own in SVS, for an amount of EUR 1.0 million paid in cash, and a possible future earn out based on the performance over the 2015-2020 period
- the remaining 5% it didn't own in Dyvi Live SA for a global amount of EUR 0.1 million.

In FY14, these two entities have contributed EUR 0.1 million to EVS revenues, EUR – 2.9 million to EBIT and EUR – 1.6 million to net group profit, including non-controlling interest. At December 31, 2014, goodwill amounted to EUR 1.1 million and has not changed after the acquisition of the remaining shares due to the fact EVS has already the global effective control with the first acquisition of the minority share in 2013.

On the EVS balance sheet, an amount of EUR 2.2 million has been booked in "other long term debts" recognized through the equity of EVS, to reflect the best current estimate of the future earn out at the acquisition date. The liability will be reassessed to fair value based on the business plan evolution at each reporting date until the contingency is resolved. The future changes in estimated fair value will be recognized in the income statement.

In the change in equity for business combination, an amount of EUR 4.0 million has been recognized to reflect the acquisition of the remaining 5% in DYVI (EUR 0.1 million) and the acquisition of the remaining 74.9% in SVS (EUR 3.9 million). In terms of cash impact, EVS has paid EUR 1.0 million in December 2014.

NOTE 13: HEADCOUNT

(in full time equivalents)	At December 31	Twelve-months average
2014	512	503
2013	486	471
Variation	+5.3%	+6.8%

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
2014	1.3280	1.2496	1.2141
2013	1.3281	1.3609	1.3791
Variation	-0.0%	+8.9%	+13.6%

For FY14, the average US dollar exchange rate against the Euro was stable compared to FY13. It had no impact on revenue.

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 in-flows by forward foreign exchange contracts. The relevant hedging results are booked as financial results.

On December 31, 2014, the group held USD 6.0 million in forward exchange contracts, with an average maturity date of September 25, 2015, and with an average exchange rate EUR/USD of 1.2938.

NOTE 16: FINANCIAL DEBT AND NEW BUILDING INVESTMENT

In order to partially finance its new HQ and operating facilities, EVS has a total of EUR 36 million available loans:

- a senior debt funding of EUR 24 million over 7 years with 3 major banks (secured in November 2013): European Investment Bank (50%), ING (25%) and BNPPF (25%)
- loan facilities of EUR 12 million over 5 years (secured in May 2014): 50% ING and 50% BNPPF

As of December 31, 2014, EVS has drawn EUR 30.0 million on these credit lines. The move to the new headquarter will be totally finished in the spring of 2015.

Given the move into the new building, all the other existing facilities of EVS that are for sale have been reclassified as "Asset classified as held for sale" on the balance sheet for an amount of EUR 6.4 million. A "preliminary sales agreement" ("*compromis de vente*") has been signed for two of them.

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 remainder of the year 2015 are 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).

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

Michel Counson, Managing Director, CTO hardware
Muriel De Lathouwer, Managing Director & CEO
Magdalena Baron, CFO

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 2014, including their impact on the condensed financial statements, and a description of the existing risks and uncertainties for the remaining months of the fiscal year.