

EVS BROADCAST EQUIPMENT

RESULTS 1H 2019

Dr. Pierre DE MUELENAERE, Chairman of the Board & Interim CEO

Yvan ABSIL, CFO

Pierre Soleil, Corporate Communication & Investor Relations Manager

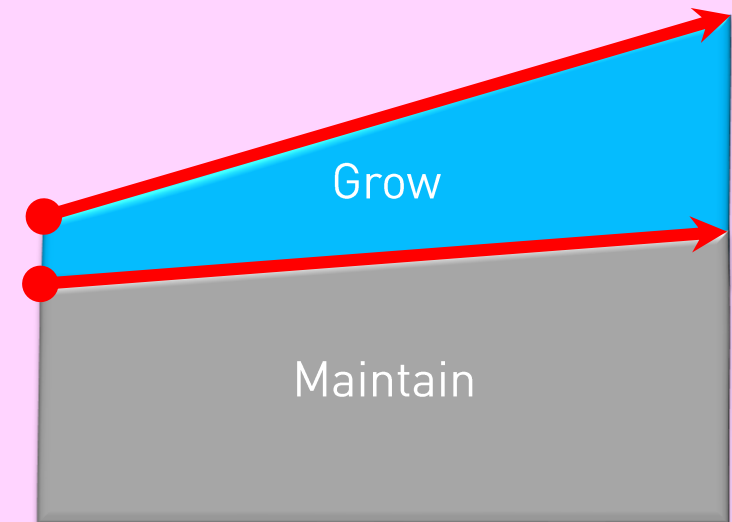


AGENDA

- ▶ Business update
 - ▶ Dr. Pierre De Muelenaere, Chairman of the Board and Interim CEO
- ▶ Financial update
 - ▶ Yvan Absil, CFO
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- ▶ Questions & Answers

EVS BUSINESS

EVS Business



■ A *Grow and Maintain* Strategy

- XT ecosystem for OB vans and broadcast centers
- New products and solutions
- New markets

MAINTAIN: EVS IS A STRONG LEADER IN LIVE VIDEO PRODUCTION AND WORKS HARD TO MAINTAIN ITS MARKET SHARE AND REVENUE



- ▶ Maintain a strong ecosystem around the XT platform
- ▶ Adapt to support latest technology evolutions
 - IP – smtp2110
 - 4K
 - Remote production
 - Etc
- ▶ Maintain presence in OB Vans (outside Broadcast) and BC (Broadcast Centers) markets.
- ▶ Develop new business models and partnerships

GROW: EVS IS DEVELOPING A RANGE OF NEW PRODUCTS AND SOLUTIONS FOR NEW APPLICATIONS

- ▶ New products functionalities continues to be released regularly and other functional upgrades planned for the next 2 years
- ▶ New growth opportunities by leveraging the IP technologies
 - ▶ Latest version of EVS' Multicam software engine proven to provide native support for IP
 - ▶ Xnet-Via
- ▶ Extend the product and solutions portfolio leading to a larger customer reach
 - E-sports
 - IT corporates
 - Referee – leagues
 - Smaller productions
 - Infrastructure



DYVI ///

Live Video Production Switcher



XEEBRA ///

Live Video Assistance for Referees



X-ONE ///

All-in-one Simplified Production System

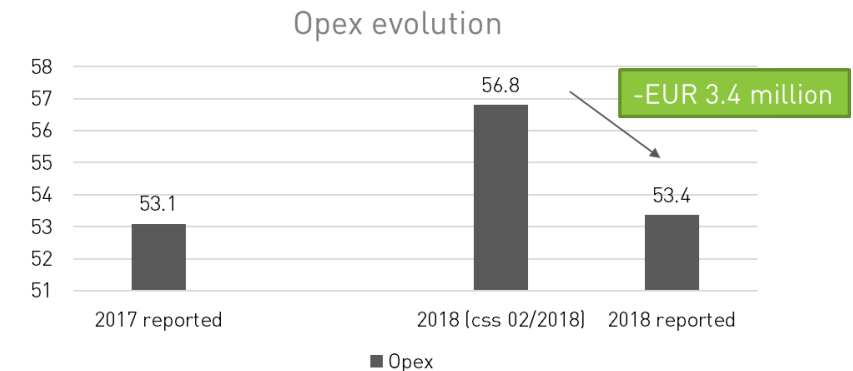
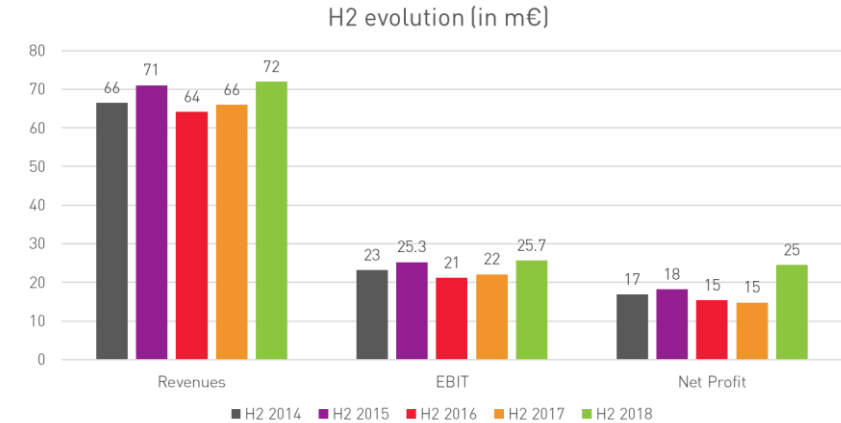


S-CORE ///

Live IP Workflow Infrastructure

2H18 WAS RECORD COMPARED TO THE LAST 10 YEARS

- H2 2018 is record compared to previous years *
- EVS team worked hard to make a strong H2 2018 both in terms of revenues and profit
- Original OPEX Guidance: moderate growth on top of the structural salary increase ($\pm 2\%$) in Belgium (analyst consensus in Feb. 2018: + 6-8%)
- Reported 2018 OPEX : +0.5%



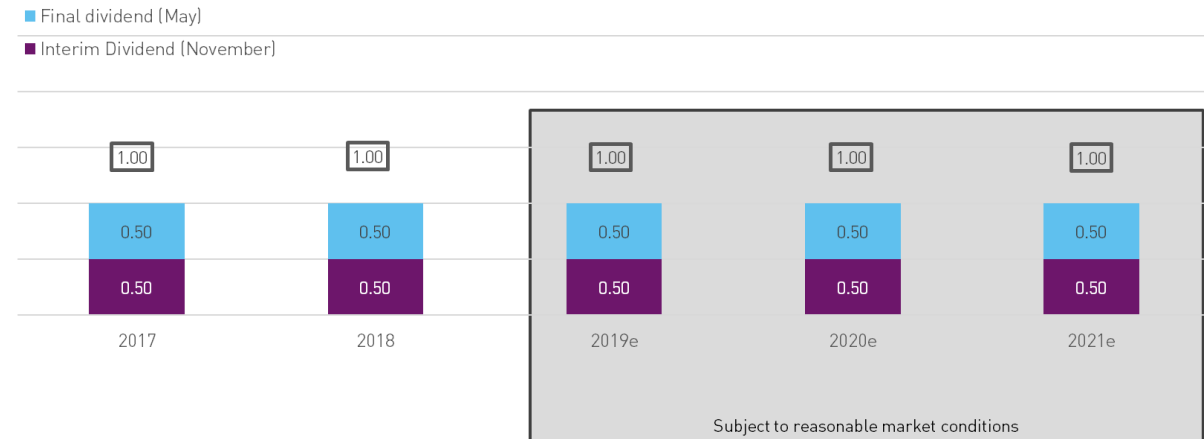
* H2 is record compared to the last 10 years in revenue and EBIT

GUIDANCE GIVEN AT THE START OF THE YEAR 2019

- ▶ 2019 financial outlook
 - ▶ Change: guidance given earlier, in February (instead of May)
 - ▶ Revenue: EUR 100-120 million
 - ▶ Opex: less than +2%

▶ Dividend

- ▶ Change of dividend policy: stable dividend policy
 - ▶ Proposition of total gross dividend of EUR 1.00 for 2018, 2019, 2020 and 2021, subject to reasonable market conditions



CHALLENGES FOR 2019

- ▶ Grow 1H 2019 revenues (excl big events) vs 2018
- ▶ Generate better order intake in 1H 2019
- ▶ Secured 2020 big events contracts
- ▶ Continue leveraging 2H 2018 fight back plan actions (strict cost management)
- ▶ Consolidate team spirit and alignment at the top of the company
- ▶ Ensure regular release of new product releases and upgrades according to roadmap



AT THE END OF JUNE 2019, WE ARE ON TRACK !

- ▶ Order intake better than last year : +19% as of June 30st (excl big events) while market conditions remain difficult
- ▶ H1 Revenues: +12% YoY (excluding big events)
- ▶ OPEX decline by 7,1% YoY thanks to fight back plan actions and HC management (see change of guidance)
- ▶ EBIT 1H2019: 3.4MEUR or 8.3% of Revenues (+46% YoY)
- ▶ Excellent team spirit at management level at the end of June



ON TOP, SIGNIFICANT ORDERS HAVE BEEN RECEIVED IN JULY AND AUGUST

- ▶ EVS has been selected by leading Sports Federation for upcoming **Europe-wide tournament in 2020**
 - ▶ EVS live solutions will enable the host broadcaster to produce, manage and distribute video content between the different production teams
- ▶ Host broadcaster turns to EVS technology for **major 2020 multi-sports event in Asia**
 - ▶ EVS live production solutions will be deployed throughout venues and at main IBC to connect creative teams and content.
- ▶ NEP is investing over USD 8 million to deploy the next generation EVS live video production server as part of their US inventory

Press release of
July 9th

Press release of
July 16th

Press release of
Aug 23th

NEW KEY PRODUCTS HAVE BEEN RELEASED AND SIGNIFICANT DEALS HAVE BEEN WON IN H1 2019

Products

- ▶ Launch of the new **IP-based** live media-sharing network (**XNet-VIA**) for high-bandwidth live production control (Full HD and UHD)
- ▶ latest evolution of **X-One unified live production** system offering new replay control, clip and highlights management capabilities
- ▶ Launch of **new software-defined server XS-NEO** combined with the first new web-based application of EVS Live production Asset Management offering a new multi-camera ingest solution for studio operations

Some customer wins

- ▶ **F&F Production:** deployment of new XT-VIA and XS-VIA servers and upgrade of existing EVS fleet to **Multicam 16.00** operating system
- ▶ **Mobile TV group:** End-to-end **native IP** truck running XT-VIA and XS-VIA production servers interconnected to new XNet-VIA ethernet media sharing network
- ▶ **SVT:** EVS-powered workflow used to **ingest** 75 remote camera feeds back at SVT's Stockholm broadcast center
- ▶ **FINA Artistic Swimming World Series** using EVS' **X-One**, ideally suited to deliver mid-sized events

More info on products and releases on www.evs.com

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1H19 HIGHLIGHTS

BETTER MOMENTUM IN 1H19 COMPARED TO WEAK 1H18

Revenues

- +12% YoY (excluding big events)
- Strong OB business (+40,5% YoY) supported by strong US orders
- Continued challenging market conditions

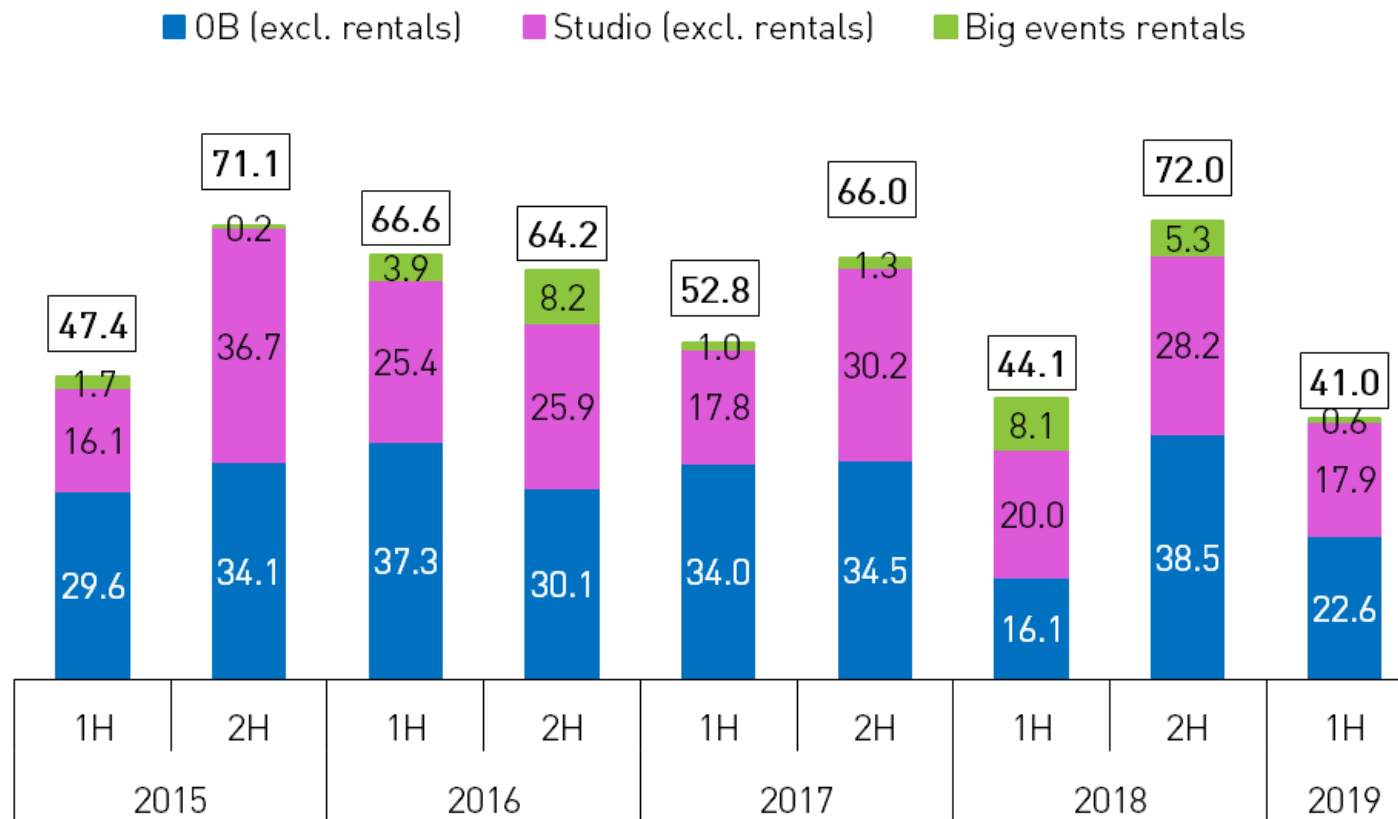
1H Profitability

- Steady gross margin at 69,7%
- Opex control (-7.1% yoy), thanks to continued disciplined cost management and cost reduction initiatives started in 2H 2018
- Net profit of EUR 3,7 million (reminder: exceptional one-time tax deductions of 1H 2018 of EUR 6,6 million as catch up for 2H 2016 and FY 2017)

FY19 outlook

- Order intake as of June 30th, 2019: + 19% vs June 30th, 2018
- Order book of EUR 22,5 million
- Revenue: Confirmation of the EUR 100-120 million range
- Good momentum around new products, including XT-VIA, in an industry remaining under pressure
- Improve Opex guidance from less than 2% growth year over year to stable Opex year over year

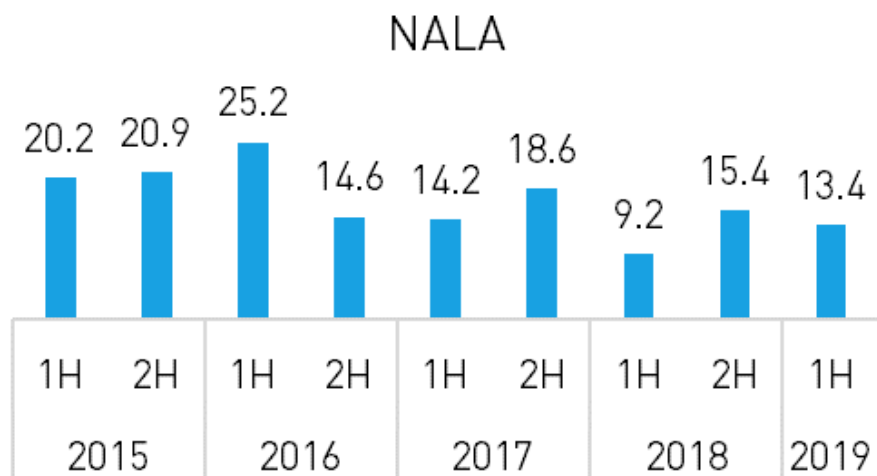
1H19 TOTAL REVENUES AT 41,0 M€ (+12% VS 1H18 EXCL. BIG EVENTS) THANKS TO STRONG OB REVENUES



1H19 REVENUE: GEOGRAPHICAL SPLIT

THE AMERICAS

(excl. events)

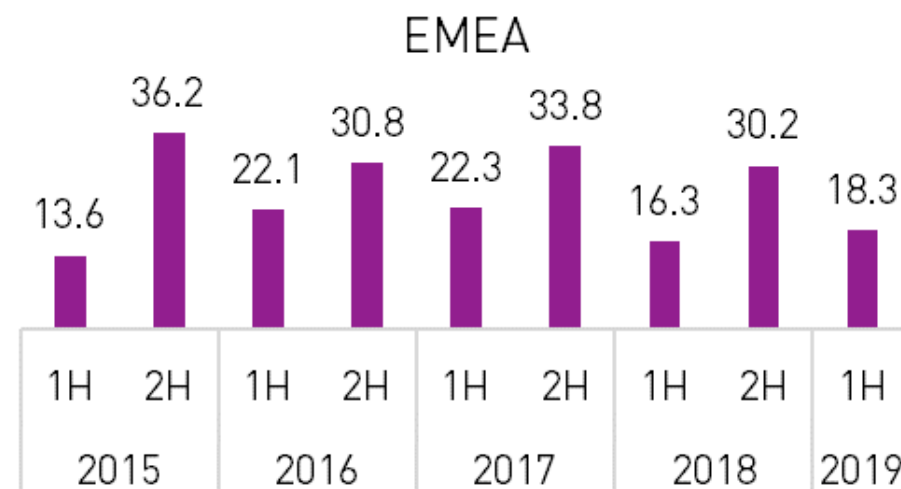


REVENUES: +46% YoY



EMEA

(excl. events)

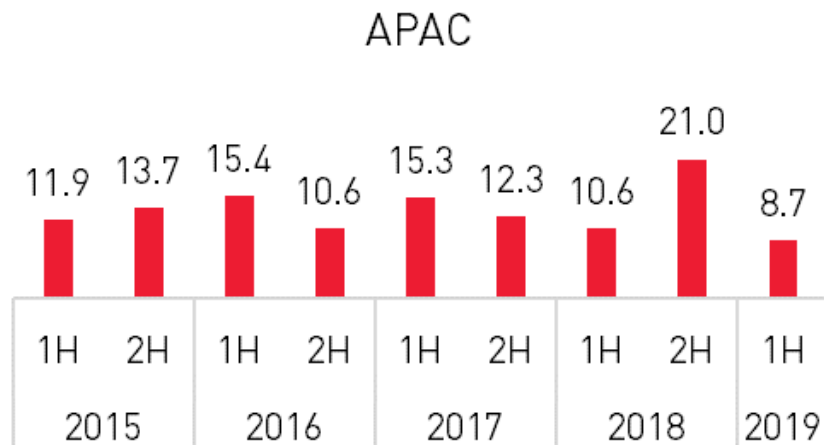


REVENUES: +12% YoY

Q4 REVENUE: GEOGRAPHICAL SPLIT

APAC

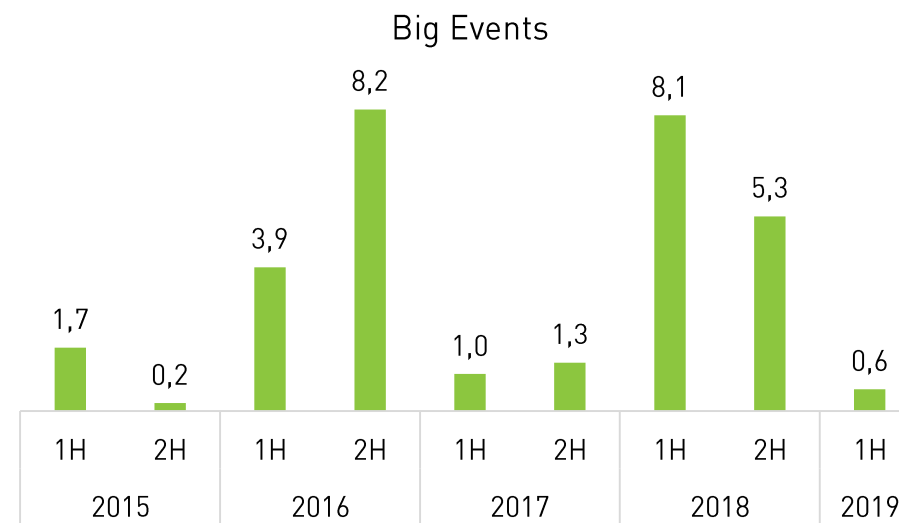
(excl. Events)



REVENUES: -18% YoY



BIG EVENT RENTALS



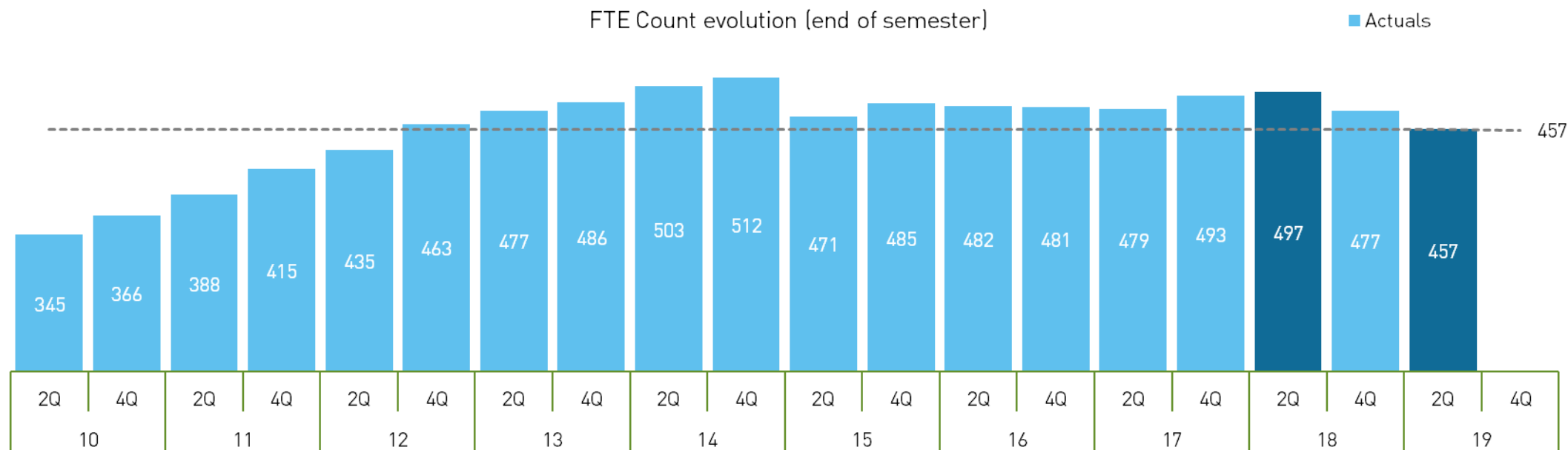
REVENUES: Women World Cup

CONSOLIDATED INCOME STATEMENT 1H 2019

In millions of EUR	1H19	1H18
REVENUE	41.0	44.1
Cost of sales	-12.4	-14.6
Gross profit	28.6	29.5
Gross margin	69.7%	66.9%
S&A	-14.0	-13.6
R&D	-10.7	-12.9
EBIT	3.4	2.3
EBIT MARGIN	8.3%	5.3%
Financial result	-0.1	-0.4
Taxes	0.4	8.6
NET PROFIT	3.7	10.6
BASICS EPS ¹⁾	0.26	0.78

- Revenue: -6.9% yoy (+12% excl big events)
- Gross margin: +2.8ppt yoy
 - Better product mix
- OPEX: -7.1% yoy
 - Strict cost management and HC management
- EBIT margin: 8.3%
- Net profit, excl One off (mainly Innovation Box impact in 1H18: EUR 6.6 million) : + 7,1%
- EPS: 0.26€

PEOPLE – NUMBER OF FTE CONTINUES TO DECLINE THANKS TO BETTER RESOURCE MANAGEMENT MAINLY IN R&D



- End of semester HC snapshot reporting impacted by hiring timing (Not an average value)
- Expected level of HC at the end of 2019 similar to end of 2018

STRONG BALANCE SHEET

CASH AVAILABLE : EUR 58.9 MILLION

ASSETS (EUR thousands)	6/2019	12/2018	6/2019 vs. 12/2018
Non-current assets :			
Goodwill	1.125	1.125	0
Other intangible assets	372	443	-71
Lands and buildings	51.814	44.836	6.979
Other tangible assets	4.529	2.765	1.764
Investment accounted for using equity method	1.393	1.282	111
Other financial assets	301	287	15
Other long term amounts receivables	1.583	2.324	-741
Deferred tax assets	6.411	5.428	984
Total non-current assets	67.530	58.489	9.041
Current assets :			
Inventories	17.066	15.113	1.953
Trade receivables	24.268	30.489	-6.221
Other amounts receivable, deferred charges and accrued income	4.647	3.642	1.005
Other financial assets	195	129	67
Cash and cash equivalents	58.919	68.482	-9.563
Total current assets	105.095	117.855	-12.760
Assets classified held for sale	0	0	0
Total assets	172.625	176.344	-3.719

- Major lines impacted by IFRS16
 - Lands and buildings: including +7,7 MEUR for IFRS 16
 - Other tangible asset: +2,3 MEUR for IFRS16
- Inventory increase due to parts secured for new generation of products
- Cash and cash equivalents: close to EUR 60 millions



STRONG BALANCE SHEET

LOW DEBT LEVEL AND STRONG NET CASH POSITION

EQUITY AND LIABILITIES (EUR thousands)	6/2019	12/2018	6/2019 vs. 12/2018
Equity :			
Capital	8.772	8.772	0
Reserves	133.654	136.601	-2.947
Interim dividends	0	0	0
Final dividend	0	0	0
Treasury shares	-8.184	-4.750	-3.434
Total consolidated reserves	125.470	131.851	-6.381
Translation differences	728	713	16
Equity attributable to equity holders of the parent company	134.970	141.336	-6.365
Non-controlling interest	0	0	0
Total equity	134.970	141.336	-6.365
Long term provisions	1.561	2.105	-544
Deferred taxes liabilities	23	44	-20
Financial long term debts	10.179	4.426	5.753
Other long term debts	68	68	0
Non-current liabilities	11.831	6.642	5.189
Short term portion of financial debts	7.815	5.493	2.322
Trade payables	4.613	4.897	-285
Amounts payable regarding remuneration and social security	6.794	7.442	-648
Income tax payable	1.039	2.519	-1.480
Other amounts payable, advances received, accrued charges and deferred income	5.563	8.015	-2.452
Current liabilities	25.823	28.366	-2.543
Total equity and liabilities	172.625	176.344	-3.719

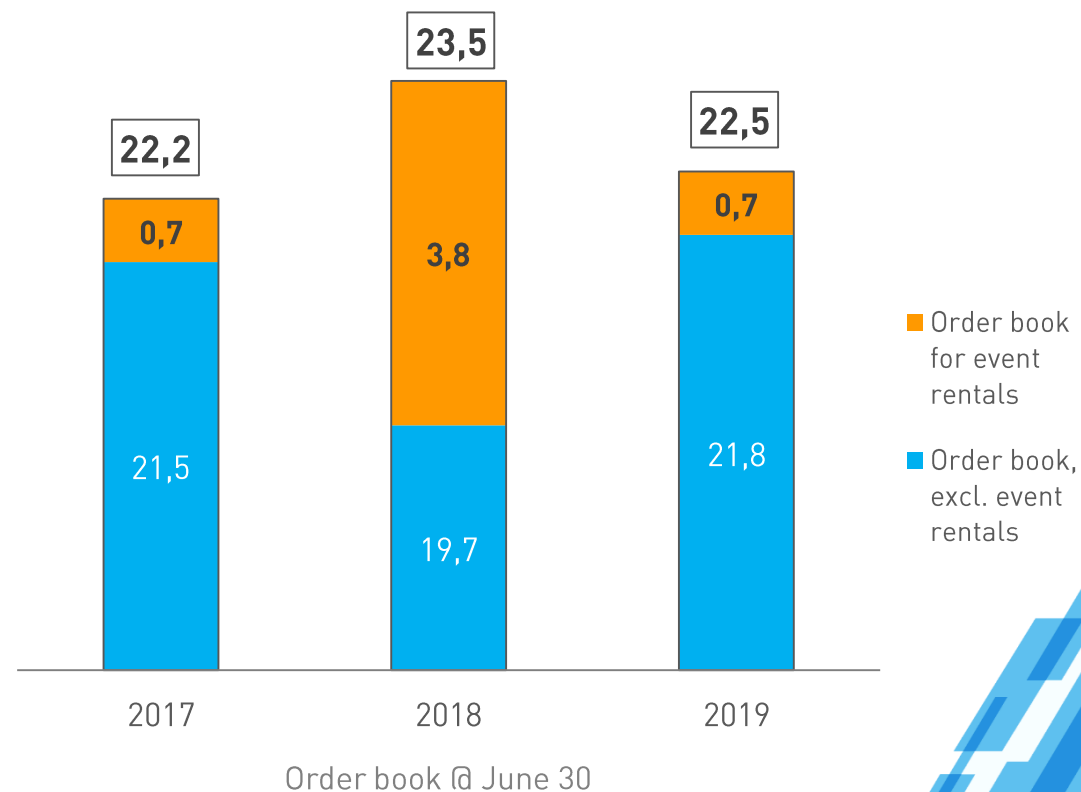
- Major lines impacted by IFRS16
 - Financial long-term debts : +7,9 MEUR for IFRS 16
 - Short-term portion of debts: +2,2 MEUR for IFRS 16
- Net Cash position: EUR 40,9 million (of which EUR 10,1 million related to IFRS 16)
 - Share buy back: EUR 3,4 million
 - Dividend payment: EUR 6,6 million

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ORDER BOOK @ JUNE 30: EUR 22.5 MILLION

- 2019 order book is -4.5% compared to last year, but +10.4% excl. Big events rentals
- Current 2019 order book include EUR 0.7 million for big event rentals
- In addition, EUR 6.8 million for 2020 and beyond



OUTLOOK AND GUIDANCE

- ▶ Market conditions remain challenging with different dynamics across geographies
- ▶ Confirmation of the revenue guidance:
 - ▶ Revenue: EUR 100-120 million
- ▶ Improvement of the Opex guidance
 - ▶ From less than +2% to stable OPEX YoY

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CONCLUSIONS

- ▶ Positive H1 in terms of order intake, revenues as well as in terms of operating expenses management
- ▶ New major functional products released by the R&D !
- ▶ Important wins by the sales team !
Including 2020 big events contracts
- ▶ Guidance confirmed on revenues
- ▶ Guidance improved on OPEX



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