



EVS BROADCAST EQUIPMENT – RESULTS OF 2020 H1

August 27th 2020

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/// AGENDA ///

Agenda

- / Business Update
- / Financial Update
- / Guidance
- / Conclusions
- / Questions & Answers

2020/H1 HIGHLIGHTS

- / 2020/H1 Revenue: EUR 39.6 million – Axon revenues included from May 1st
[-3.5% YoY and -4.8% YoY excluding big events rentals]
 - Without Axon perimeter EUR 37.8 million *[-9.3% YoY excluding big events rentals]*
- / COVID impacts:
 - Impact on revenues but key wins to feed a good order book, especially in NALA, especially for LAB market pillar
 - No major impact on the cruise speed in terms of operations
 - Significant OPEX savings
 - Gross margin slightly decreased due to lower margin on Axon products but profitability maintained thanks to lower OPEX
- / EBIT 2020/H1: EUR 3.3 million (-3.7% YoY) – Axon EBIT included from May 1st
- / Axon acquired on May 1st and integration successfully passed the first integration wave
- / LSM-VIA launched as the new de-facto standard replay controller- ~100 remote ordered in the first week – first usage in real live production in the context of a remote production!
- / Major contracts for big events – major sporting summer events - secured for 2021

EVS BUSINESS UPDATE

- / EVS STRATEGY HIGHLIGHTS**
- / COVID IMPACT ON EVS BUSINESS & OPERATIONS**
- / AXON INTEGRATION STATUS**
- / FIRST PRODUCTIONS WITH LSM-VIA**
- / KEY CONTRIBUTION FOR DIFFERENT PILLARS IN 2020/H1**

EVS STRATEGY HIGHLIGHTS

- / Standard “Live” solutions – Custom workflows
 - EVS focuses on “live”.
 - EVS focuses on delivering standard “live solutions” with custom workflows based on modernized solutions leveraging latest technologies (IP, AI, Virtualization, Micro-services, Open APIs, Cloud)
- / Addressing a larger customer base
 - EVS will strengthen its position beyond sports, especially in News & Entertainment.
 - EVS will further develop its solutions for smaller customers thanks to tiered-level solutions in terms of pricing.
 - EVS will strengthen the sales through channel partners, especially for smaller customers.
- / EVS will leverage SW to propose new flexible business models
 - The transition from CAPEX to OPEX will be smooth
 - The transition will not be detrimental to the revenues (no price sacrifice to tease to OPEX)
- / EVS will progressively extend its product portfolio through strategic partnerships and acquisitions.

COVID IMPACT ON EVS BUSINESS & OPERATIONS

/ Impacts on revenues, order intake and order book:

- Following a strong start of the year, revenues & order intake slow down due to Covid
- Most revenues from Big Events Rental – major sports summer events - are postponed to 2021
- Order intake EVS only on June 30th : -7.5% YoY
- Order book (incl Axon - excl. big events rental) on June 30th : 33.1M€ (+15% YoY) of which 19.6M€ (-10% YoY) to be recognized as 2020 revenues
- Slow-down for revenue recognition in H2 due to Covid and orders covering large multi-year modernization projects

/ Significant increase of working capital (AR & inventory):

- Some payment delays have been afforded for a few loyal customers facing challenges
- Some delayed projects due to sites inaccessibility
- Securization of inventory levels for the year before the crisis and for the major sports summer events

/ Impacts on roadmap:

- EVS has re-prioritized some product features to address “remote production” capabilities.

/ Impacts on operations:

- Nearly all company homeworking during 3.5 months – gradually back at the office ensuring respect of health recommendations
- Slight impact on R&D efficiency during a few weeks to get used to homeworking but return to normal productivity afterwards
- No major impact on manufacturing & supply chain. We continue serving our customers with normal delivery time.
- Tradeshows NAB & IBC replaced by Virtual NAB, Virtual IBC and remote demonstrations

REMOTE PRODUCTION – MANY DIFFERENT OPERATING MODELS

Distant 'remote' Production



A **majority of equipment is housed at the event site**, but some operational staff are located at the broadcast center.

Centralized Production



A **majority of production equipment is housed in the central facility** for the production execution.

Distributed Production



The **equipment and staff to execute a production is decentralized & distributed in many locations**, but the production is collectively executed as one.

Covid-19 has accelerated this case

NAB & IBC CANCELLED ... BUT MANY RICH REMOTE INTERACTIONS ONGOING

NAB & IBC have been cancelled but currently replaced by hundreds of private interactions and virtual IBC @EVS with customers all over the world being calls, video conference sessions, remote demonstrations and interactive & personalized training sessions.




1000+
engineers
trained on

CEREBRUM
Monitoring and Control System


WHO IS AXON

AXON PRODUCT PORTFOLIO



Synapse
Modular signal processing
Modular multiviewer system



Cerebrum
Broadcast monitoring and control
IP network management



Neuron
Network attached processing
IP SDI gateway

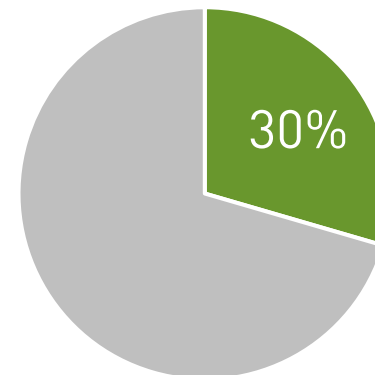



WHO ARE THE CUSTOMERS

- / Most significant presence in EU & APAC
- / Live Audience Business & Live Service Providers
- / More sales through sales channels (integrators, resellers, etc...)



Axon presence in large OBVans Multiviewer OR Stream Processing (12+ cams)

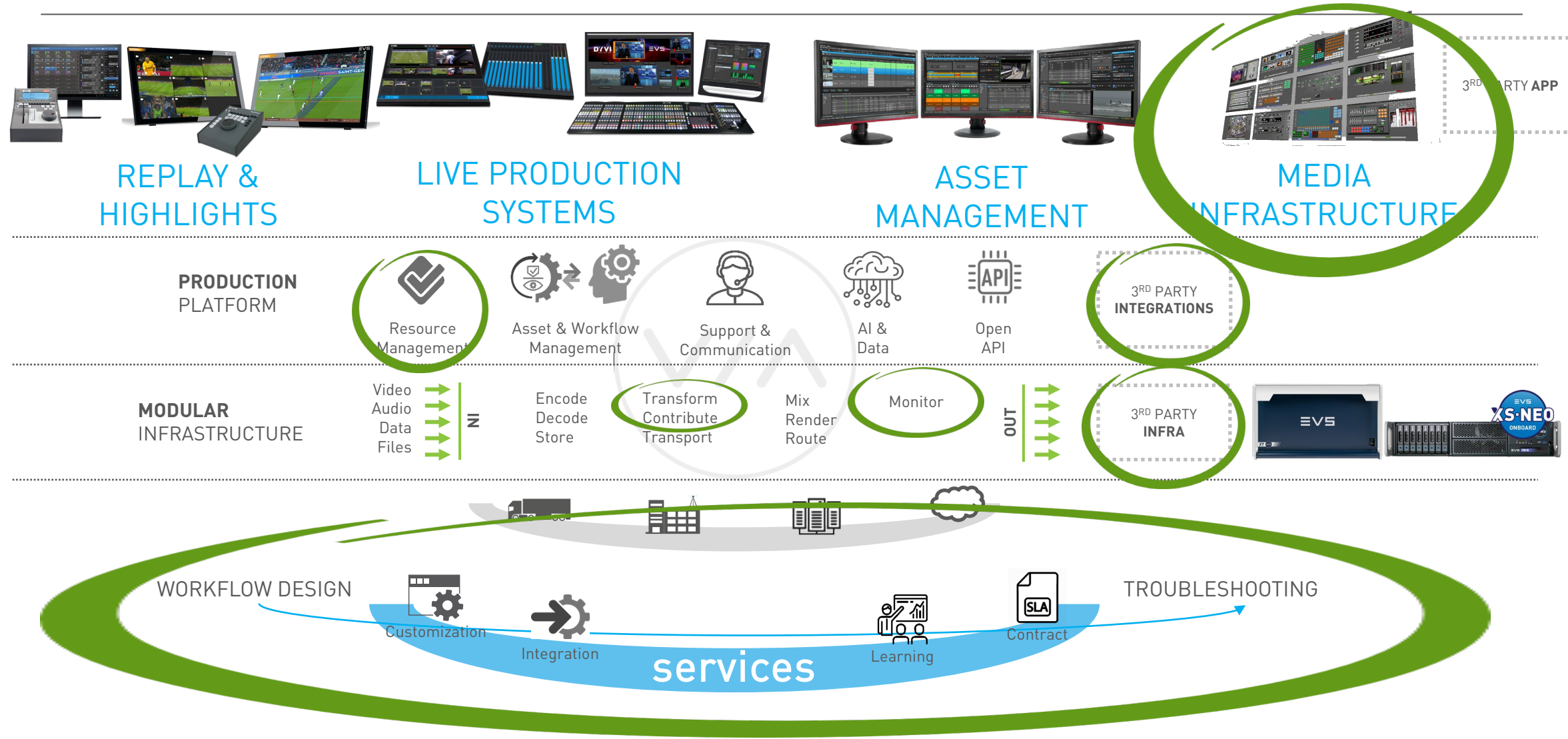


A few percents behind main competitors, mainly due to limited geographical coverage.

■ NB OBVans with Axon ■ NB OBVans without Axon

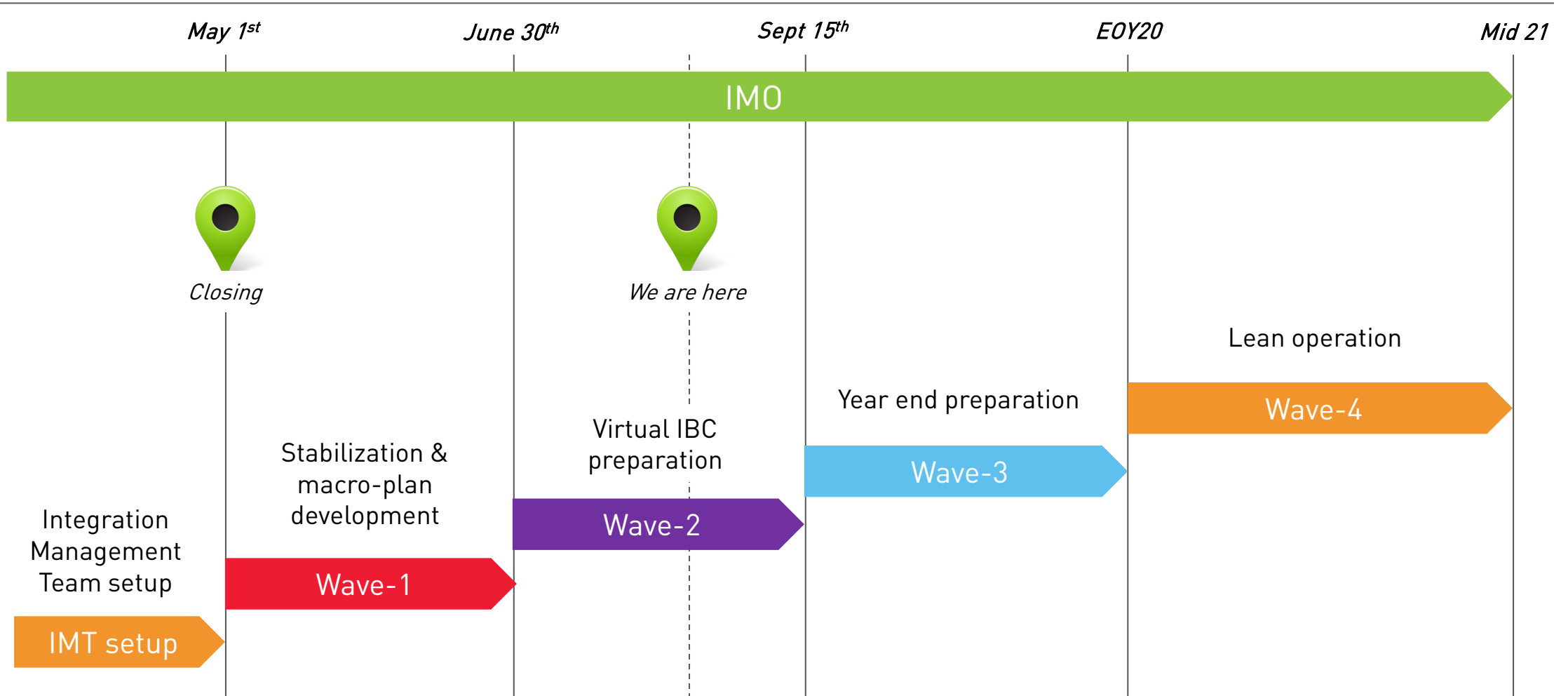
According to our internal data [consolidating internal & external sources – March2020], Axon is present in 30% of large OBVans (LAB & LSP), for Multiviewer or Stream Processing with more than 12 cameras.

EVS SIMPLIFIED BLUEPRINT DEFINED DURING PLAYFORWARD: STANDARD SOLUTIONS – CUSTOM WORKFLOWS



AXON INTEGRATION CALENDAR

DIFFERENT WAVES OF CO-DESIGNED INTEGRATION



AXON INTEGRATION STATUS

- / Excellent team spirit between team members from both sides with strong desire to win
- / Tasks assigned for Wave-1 successfully achieved – on time and better than budget!
 - Key deal facilitated thanks to customer trust in EVS
 - First consolidated RFI answer provided a few days after M&A transaction has been completed
 - Lead to cash sorted out, enabling EVS sales force to start selling new Media Infrastructure solutions
 - First synergies already materialized in terms of purchasing
 - Team integration within a single organization ongoing
- / Tasks assigned for Wave-2 on track
 - Joint value propositions ready
 - Teams in NALA strengthened and prepared to deliver, integrate and deploy Cerebrum control system everywhere

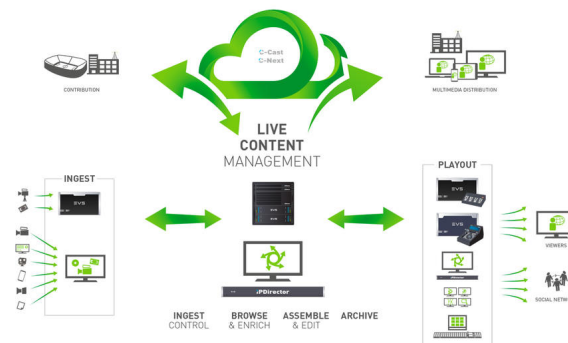
2020/H1 – « LIVE AUDIENCE BUSINESS » KEY DEALS & DEPLOYMENTS



Cerebrum control system to & Neuron stream processing at the core of CanalPlus France media center

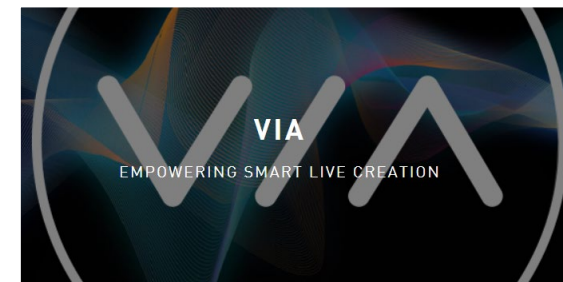


DYVI at AftonBladet (Swedish newspaper) & eSports facilities in WEU



Large multi-million modernization contracts based on VIA platform, fully leveraging IP 2110 and/or micro-services in:

- Major US media group's broadcast center
- 2 APAC large broadcast centers
- 1 sports broadcast center in Benelux
- 1 news broadcast center in Benelux
- Studios of a large production company in WEU
- WEU large parliament



Important renewal project of a large US league sports center based on XT-VIA for 1080p & 4K.



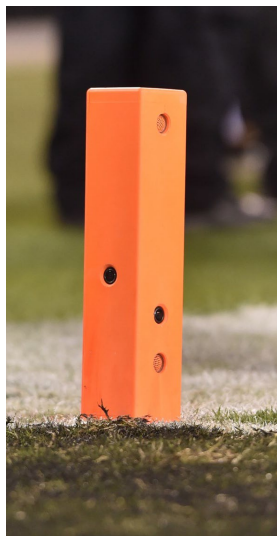
Large 4K upgrade and extension with a major player in China

2020/H1 – « LIVE SERVICE PROVIDERS » KEY FACTS & DEALS

Support of LIV SuperBowl operated by Fox Sports



- 1080p HDR
- XNET-VIA to accelerate content transfer
- Pylon cams from 60fps to 180fps thanks to AI



Continuous flow of upgrades to XT-VIA



Many LSPs continue to upgrade their installed base with latest XT-VIA technology to address 1080p & 4K productions.

Better support of remote workflows

Adapt current systems to improve remote workflows (e.g. backup/restore to cloud, remote multiviewer, etc...)

LSM-VIA launch



Launch of new LSM remote, the new de-facto standard for replay operators.
First use of LSM-VIA in a remote production setup!

First orders of LSM-VIA

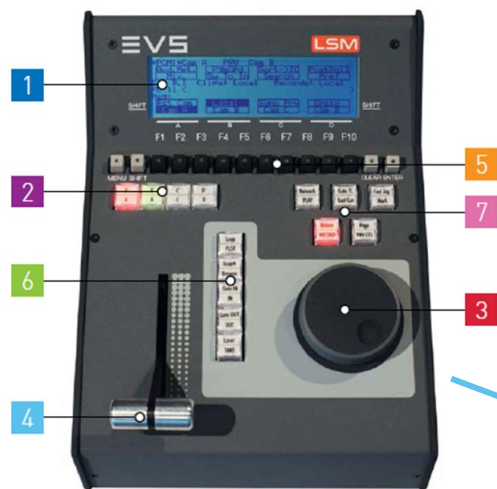


~100 units ordered in the first week!

LSM-VIA – THE NEW EVS REMOTE FOR REPLAY & SLOW MOTION ...

From the legendary EVS remote ...

... to EVS LSM-VIA



Adoption/Adaptation is
a matter of minutes



Keeping the best of the legend:

- Same feeling with job & lever
- Same functions
- Same robustness

And further enhance it with:

- IP & scalability
- Touch screen, shortcuts & programmability
- Many more functions for more convenient operation

For easier remote production, faster highlights & custom workflows

... CO-DESIGNED WITH EVS OPERATORS AND LAUNCHED ON MAY 26TH AFTER 25 YEARS



3 rounds of engagement in different regions of the world since 2017 to:

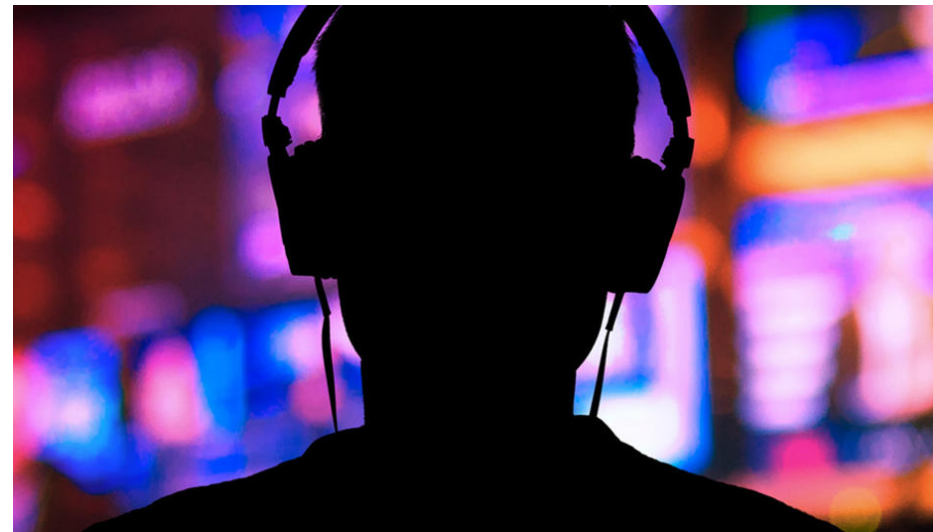
- Identify practices & collect the requirements based on pain points & frustrations
- Present a first prototype and discuss use cases and priorities
- Present the final product and refine the use cases

Product Launch during a May 26th webinar with thousands persons/fans

2020 – EVS RESCHEDULES 2021 SUMMER EVENTS WITH HOST BROADCASTERS



**MAJOR 2021 MULTI-SPORTS EVENT
IN ASIA**



**EUROPE WIDE TOURNAMENT IN 2021
FOR LEADING SPORT FEDERATION**

EVS FINANCIAL UPDATE

- / 2020/H1 FINANCIAL HIGHLIGHTS**
- / 2020/H1 REVENUES**
- / GEOGRAPHICAL SPLIT**
- / REVENUE DESTINATION SPLIT**
- / CONSOLIDATED INCOME STATEMENT**
- / TEAM MEMBERS**
- / STRONG BALANCE SHEET**

2020/H1 FINANCIAL HIGHLIGHTS

/ 2020/H1 Revenue:

(-5.7% YoY excluding big events rentals and at constant cy)

- Strong first quarter
- Covid-19 impacting all regions in second part of the semester
- Strong order intake in NALA

/ Maintaining Profitability

- Gross margin
- Operating expense declining thanks to lower marketing, travel expenses and provisions for reduced variable bonus
- EBIT

(-3.7% compared to 1H19)

Net profit

(-11.5% compared to 1H19)

EUR 39.6 million

68.2%

-5%

EUR 3.3 million

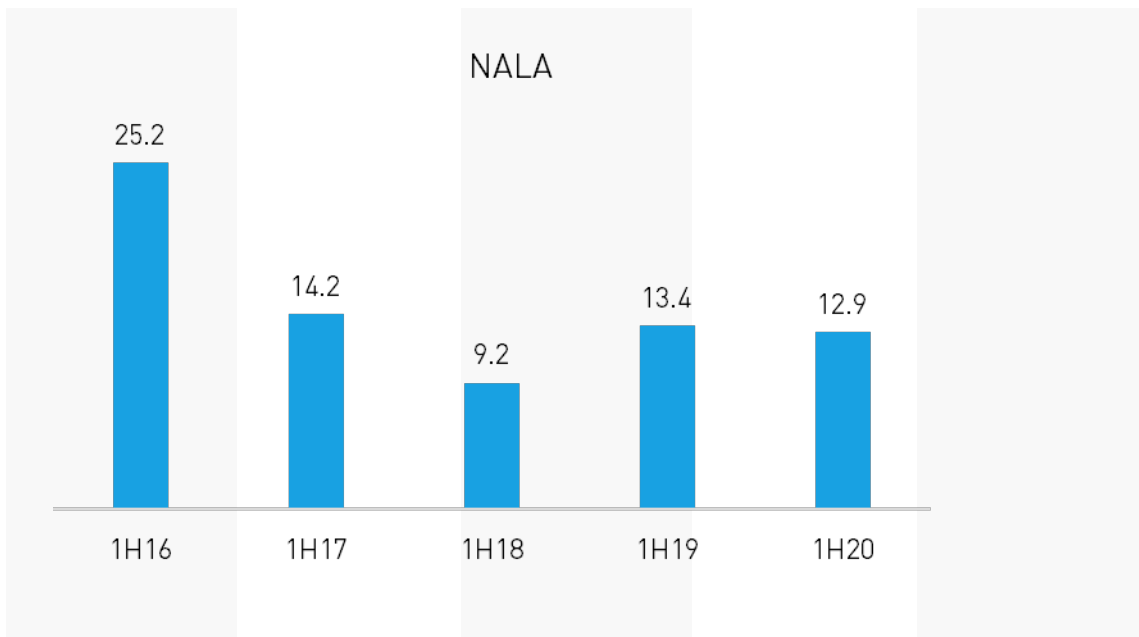
EUR 3.3 million

2020/H1 REVENUES BY MARKET PILLARS (INCLUDING AXON): THE DECREASE YOY OF THE REVENUE IS MAINLY DUE TO LSP MARKET PILLAR (-21%)



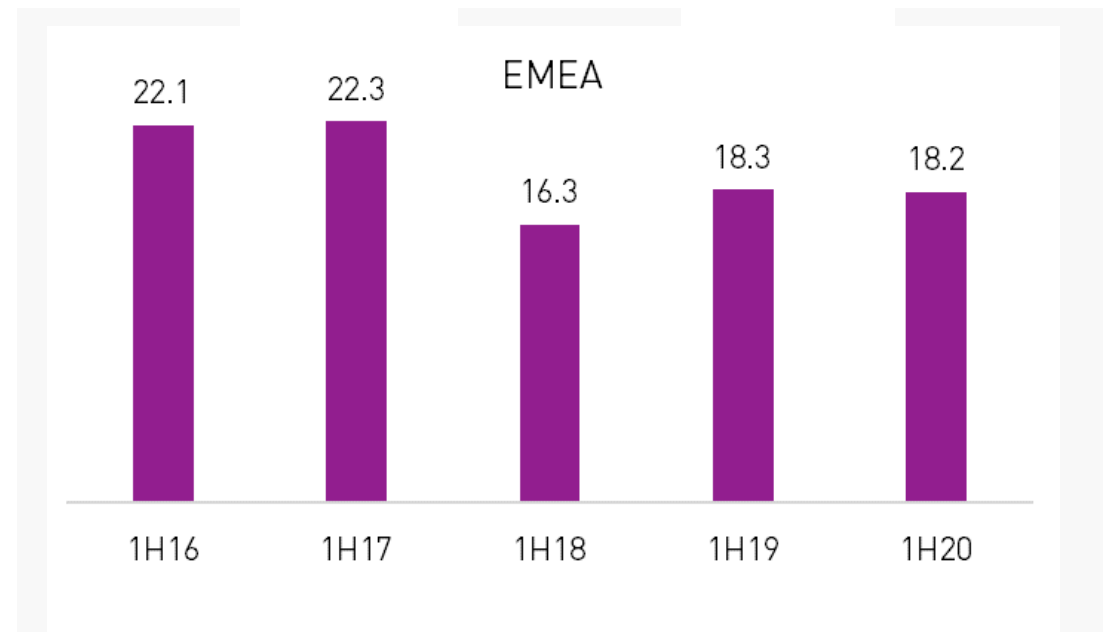
2020/H1 REVENUES GEOGRAPHICAL SPLIT INCL. AXON

NALA



▶ **REVENUES 2020/H1:**
- 3.4 YOY

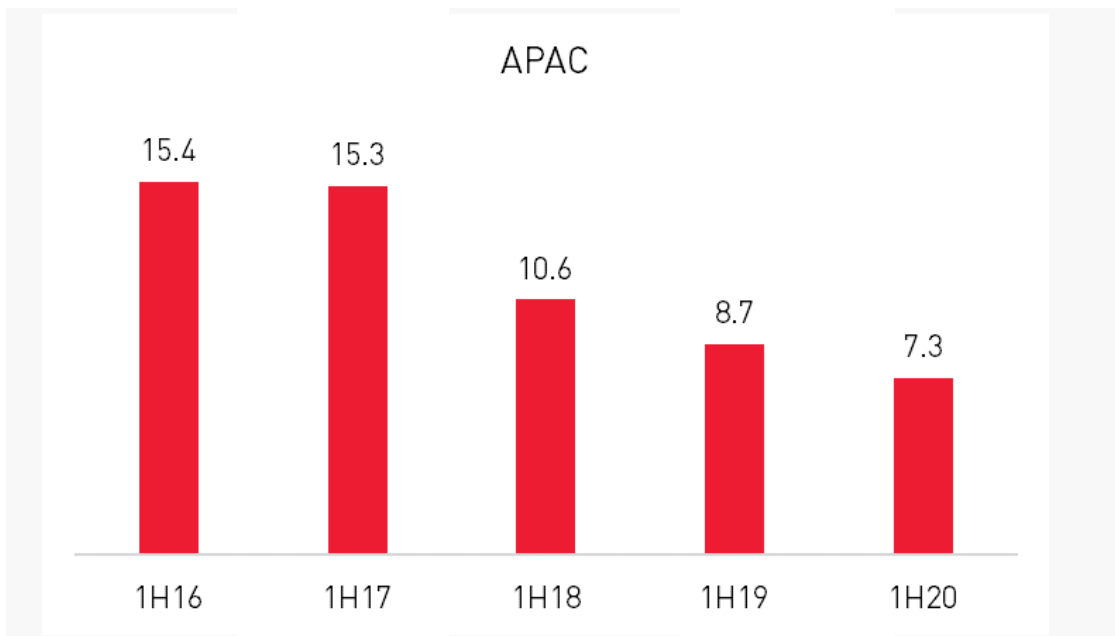
EMEA



▶ **REVENUES 2020/H1:**
-0.8% YOY

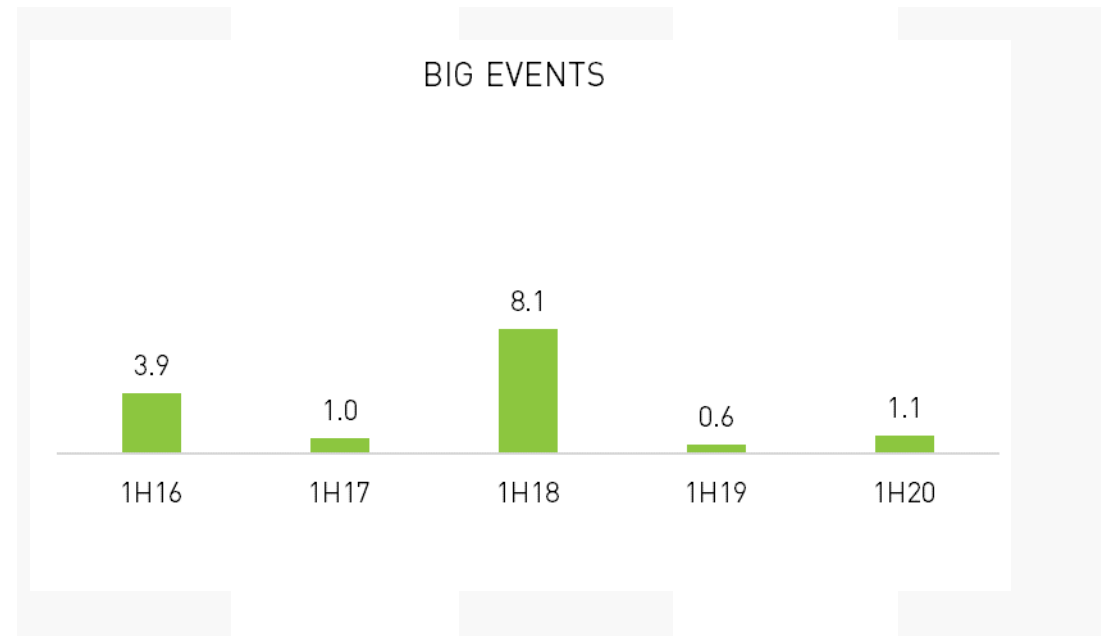
2019 REVENUES GEOGRAPHICAL SPLIT

ASIA-PACIFIC



▶ REVENUES 2020/H1:
-16.1% YOY

BIG EVENT RENTALS



▶ REVENUES 2020/H1:
YOUTH OLYMPIC GAMES IN Q1
OTHER MAJOR EVENTS POSTPONED TILL 2021

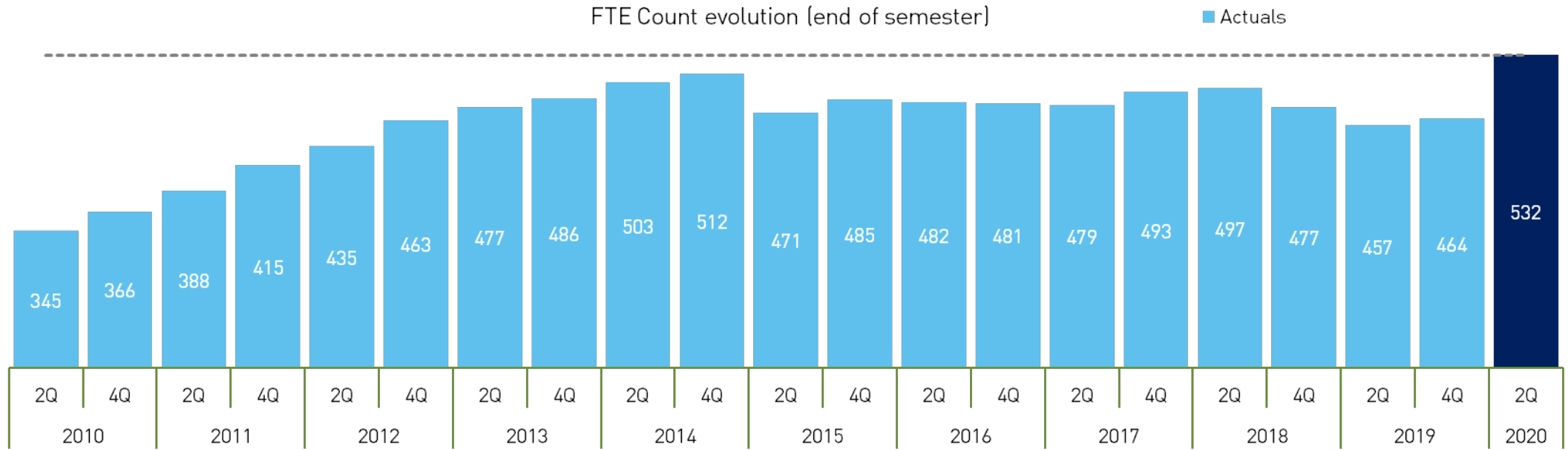
CONSOLIDATED INCOME STATEMENT

In millions of EUR	1H20	1H19
REVENUE	39.6	41.0
Cost of sales	-12.6	-12.4
Gross profit	27.0	28.6
Gross margin	68.2%	69.7%
S&A	-12.6	-14.0
R&D	-10.9	-10.7
EBIT	3.3	3.4
EBIT MARGIN	8.3%	8.3%
Financial result	-0.3	-0.1
Taxes	0.3	0.4
NET PROFIT	3.3	3.7
BASICS EPS	0.24	0.26

- / Revenues: -3.5% YoY (-4,8% excl. Big Events)
- / Gross margin: 68.2%
- / OPEX: -5% YoY thanks to lower marketing, travel and provision for reduced variable bonus
- / EBIT: 8.3% similar profitability as last year
- / Taxes favorably impacted by R&D tax incentives not linked to revenues level
- / EPS: 0,24EUR (-9.8% YoY)

TEAM MEMBERS EVOLUTION

NUMBER OF FTE INCREASE IN 2020/H1: +75 FOLLOWING INTEGRATION OF AXON (79 FTE)



/ End of semester HC snapshot reporting impacted by hiring timing (Not an average value)

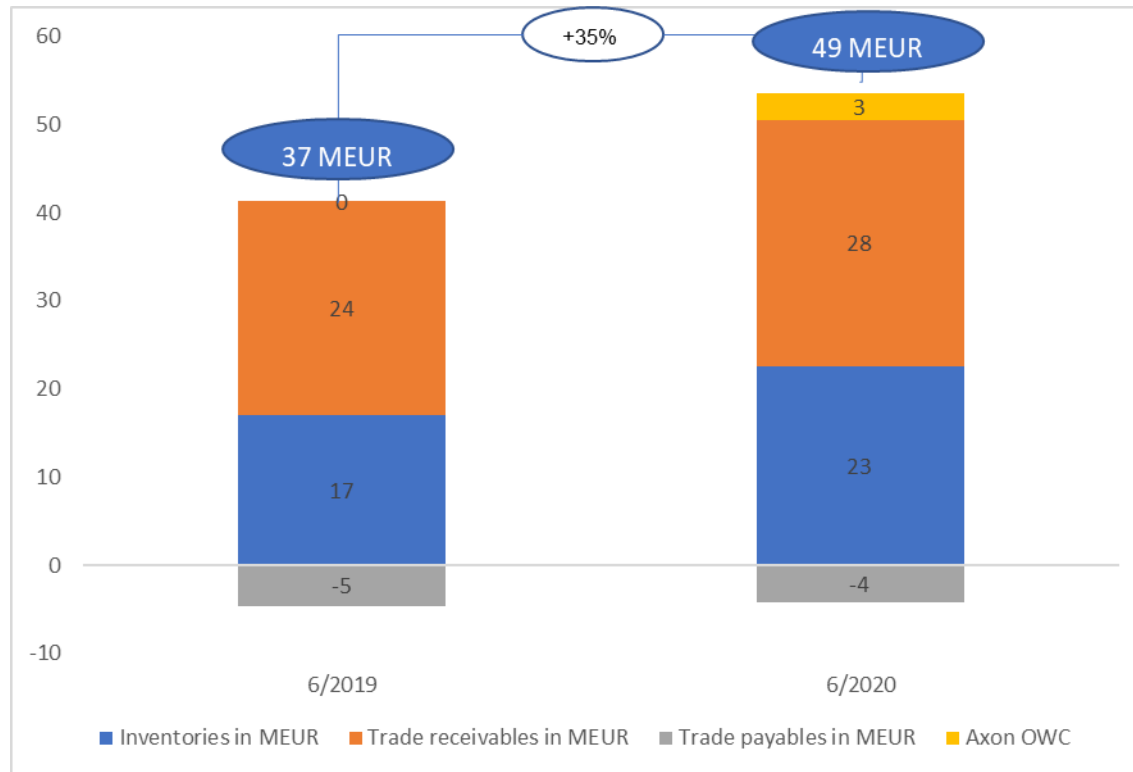
STRONG BALANCE SHEET

CASH AVAILABLE: EUR 54 MILLION

ASSETS (EUR thousands)	6/2020	12/2019	6/2020 vs. 12/2019
Non-current assets :			
Goodwill	3.893	1.125	2.768
Other intangible assets	7.596	173	7.423
Lands and buildings	53.024	49.365	3.659
Other tangible assets	5.141	4.344	797
Investment accounted for using equity method	1.458	1.421	37
Other financial assets	415	353	63
Other long term amounts receivables	1.002	959	43
Deferred tax assets	8.927	6.570	2.358
Total non-current assets	81.455	64.309	17.146
Current assets :			
Inventories	24.896	16.823	8.073
Trade receivables	30.120	36.582	-6.462
Other amounts receivable, deferred charges and accrued income	5.022	6.071	-1.048
Other financial assets	95	238	-143
Cash and cash equivalents	54.199	59.010	-4.812
Total current assets	114.333	118.724	-4.391
Total assets	195.788	183.033	12.755

- / Additional goodwill of 2,8MEUR following Axon acquisition
- / Two intangibles assets recognized as a result of the purchase price allocation for Axon:
 - / Customer related assets +5,1MEUR
 - / Technology +2,5MEUR
- / Lands and buildings: +3,7MEUR of which +1,8MEUR from Axon (all IFRS 16) and 2MEUR of additional right of use assets for IFRS 16
- / Deferred tax asset: +2,4MEUR mainly due to the increased DTA on EVS BE tax loss and Axon integration (+1,2MEUR)
- / Inventory: +8,0MEUR of which +2,3MEUR from Axon
- / Trade receivables decrease (-6,5MEUR) including +2,2MEUR from Axon and following 4Q19 strong year end finish increase
- / Cash and cash equivalents: -4,8MEUR mainly explained by the acquisition of Axon net of cash balances acquired (-9,6MEUR) offset by new proceeds from external financing (+5,5MEUR)

WORKING CAPITAL IMPACTED BY COVID-19



- / Total operating working capital : + 13 MEUR vs 6/2019 (+35%)
 - Inventories : + 8MEUR vs 6/2019 including Axon (+2MEUR)
 - Trade receivables : + 6MEUR vs 6/2019 including Axon (+ 2MEUR)
 - Trade payables : + 1MEUR vs 6/2019 of which Axon (+2MEUR)

STRONG BALANCE SHEET

NET CASH POSITION 33.5M€ AND LOW DEBT LEVEL

EQUITY AND LIABILITIES (EUR thousands)	6/2020	12/2019	6/2020 vs. 12/2019
Equity :			
Capital	8.772	8.772	0
Reserves	145.403	142.149	3.254
Interim dividends	0	0	0
Final dividend	0	0	0
Treasury shares	-13.986	-9.927	-4.059
Total consolidated reserves	131.416	132.221	-805
Translation differences	774	767	7
Equity attributable to equity holders of the parent company	140.962	141.761	-798
Non-controlling interest	0	0	0
Total equity	140.962	141.761	-798
Long term provisions	1.379	1.636	-258
Deferred taxes liabilities	1.500	19	1.481
Financial long term debts	13.780	6.070	7.710
Other long term debts	692	692	0
Non-current liabilities	17.351	8.418	8.934
Short term portion of financial debts	6.934	6.725	209
Trade payables	5.556	4.870	686
Amounts payable regarding remuneration and social security	5.923	8.302	-2.380
Income tax payable	6.160	4.282	1.877
Other amounts payable, advances received, accrued charges and deferred income	12.902	8.675	4.227
Current liabilities	37.474	32.855	4.620
Total equity and liabilities	195.788	183.033	12.755

- / Deferred tax liability on the intangible assets recognized following Axon acquisition for 1,5MEUR
- / Financial long-term debts: +7,7MEUR of which +4,4MEUR for the LT loan from BNP and 3,3MEUR for IFRS 16 (of which 1,5MEUR for Axon)
- / Short-term portion of debts: +0,2MEUR explained by
 - Reimbursement of -2,2MEUR of existing loans
 - Short-term portion of BNP loan to finance Axon acquisition +1MEUR
 - IFRS 16 +3,5MEUR of which +0,6MEUR for Axon
- / Income tax payable: +1,9MEUR including Axon (0,7MEUR)
- / Other amounts payables and accrued charges / deferred income +4,2MEUR including Axon

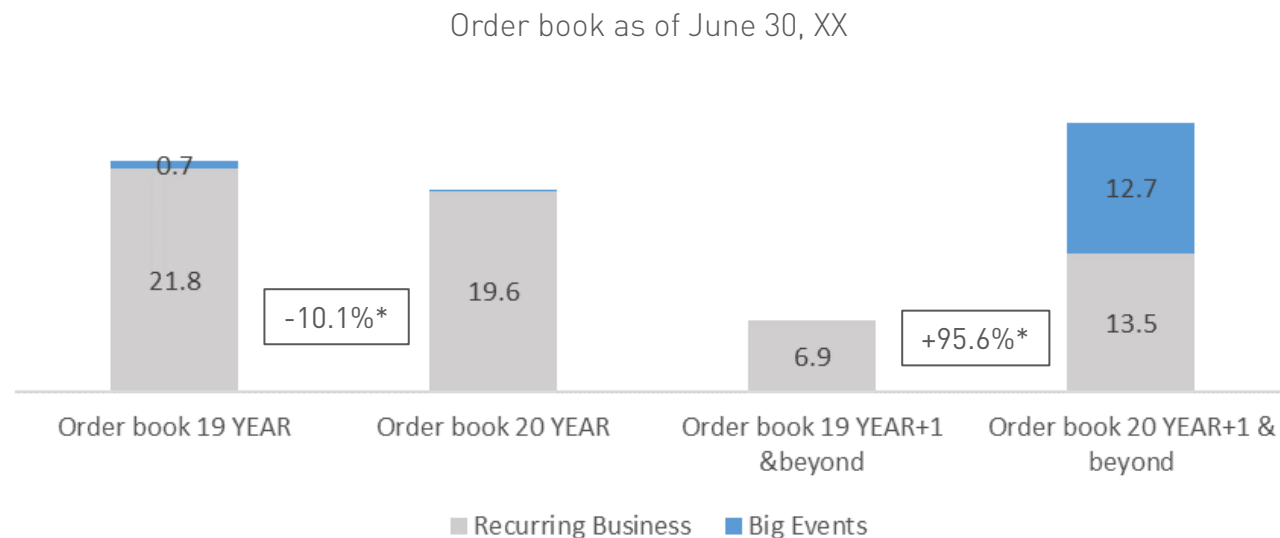
GUIDANCE

- / **ORDER BOOK**
- / **OUTLOOK & GUIDANCE 2020**
- / **DIVIDEND**
- / **GOVERNANCE**

ORDER BOOK

/ Order book of EUR 45.8 million on June 30, 2020 of which:

- EUR 19,6 million to be recognized in revenue in 2020
(-12,9 % YoY or -10,1% Excl. big event rentals)
- EUR 13,5 million (excl. big events rentals) to be recognized in revenue in 2021 and beyond
(+95,6% YoY)
- EUR 12,7 million for big events rentals related to events postponed to 2021



* Excl. big event rentals

OUTLOOK & GUIDANCE

- / Due to Covid-19 situation, EVS does not provide revenue guidance for 2020.
- / 2020 OPEX – excluding Axon - expected to decline YoY with mid-to-high single digit
- / With the integration of Axon OPEX, total 2020 OPEX will increase YoY with mid-to-high single digit

GOVERNANCE – BOARD OF DIRECTORS

During last General Assembly (May 19th), Johan Deschuyffeleer has become director and chairman of EVS.



JOHAN DESCHUYFFELEER - INDEPENDENT DIRECTOR & PRESIDENT OF THE BOARD OF DIRECTORS

Johan Deschuyffeleer (permanent representative of The House of Value BVBA - Advisory and Solution BV) has more than 35 years of international experience in the ICT and technology sector.

After several positions at the beginning of his career - as engineer and manager at Siemens and Hewlett-Packard - Johan has been Managing Director Belux at Compaq. Afterwards, Johan returned to Hewlett Packard first as Managing Director Belux to subsequently shape the global sales strategy from the Silicon Valley. He has then headed the Technology Services EMEA and later the Technology Consulting WW. Johan is currently Chairman of the Board of Directors of Orange Belgium and Director at AE, Automation and GIMV.

Johan has an industrial engineering degree and has also followed a course in Middle Management at the Vlerick Management School.



EVS Board of Directors comprised of (from left to right on the photo)

- Patricia Langrand,
- Michel Counson,
- Philippe Mercelis
- Anne Cambier,
- Martin De Prycker,
- Chantal De Vrieze

CONCLUSIONS

- / **KEY ACTIVITIES FOR 2020/H2**
- / **CONCLUSION**

KEY ACTIVITIES FOR 2020/H2

- / Organize a successful Virtual IBC in September
- / Continue Axon integration at the same pace, with the same mindset, focusing on cross-selling and sales in the Americas
- / Continue to manage the specific conditions due to Covid and support our customers in their way to face the challenge
- / Optimize the inventory and continue tight follow-up with customers to manage the working capital.
- / Deliver first phases of the key projects ordered in H1
- / Continue to materialize PLAYForward strategy, aligning solutions on the blueprint, strengthening solution portfolio through strategic partnerships and acquisitions when relevant

CONCLUSION

- / Major COVID impacts on revenues for a few months but:
 - no major impact on profitability compared to last year
 - no major impact on cruise speed in terms of operations
- / Despite COVID, EVS is strengthening his position in LAB market pillar, especially in NALA
- / Axon integration on track
- / LSM-VIA successfully launched end of May with first live replays completed this summer (when allowed by Covid) !
- / Strong total order book compared to last year
- / EVS ship remains solid in the middle of the storm with solid cash position



QUESTIONS & ANSWERS

THANK YOU

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