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## EVS Q1 2020 Business update

- > **EVS global leader in live video technology for broadcast and new media productions today announces its business update for the first quarter ending 31 March 2020.**

### HIGHLIGHTS

- Acquisition of Axon announced on May 1<sup>st</sup> - synergies expected to bring 6-10mEUR additional EBITDA as of 2023
- Covid-19 impacting significantly Live Service Providers which are preparing for compressed sport season
- Traction for remote production workflows allowing EVS to promote several options
- NAB trade show cancelled showing opportunities for remote interactive and personalized sessions with customers
- Order book as of April 30<sup>th</sup> - excluding Axon - (including revenues YTD and open orders on hand that will be recognized as revenues in 2020) of EUR 39.6 million (excl big event rentals), vs. EUR 42.8 million at the same date last year. (-7.5% vs last year)
- No revenue guidance given for 2020 amid covid-19 uncertainties
- Confirmation of the Opex guidance, expected to decline slightly YoY (excluding extraordinary costs and Axon).

### COMMENTS

**Serge Van Herck, CEO** comments the business development: *“These special times are an opportunity to strengthen our engagement with our customers. Over the last weeks, there have been many interactions of different nature with customers, from personalized training to remote demos. We have reached out to many customers across the world to understand the impact of this crisis on their activities and to figure out the best individual way to help them now and after the crisis. It is also an opportunity to address different use cases of remote production workflows enabled by EVS products, allowing to facilitate the work of the operational teams. Most of our customers are very creative to take the best of our products and are doing an outstanding job considering the circumstances. We also took the opportunity to announce and explain our acquisition of Axon. I’m happy to say that I received a lot of positive feedback, confirming we are doing the right thing as framed in our PLAYForward strategy map. I am also very pleased with the passionate way both teams are working together on the integration process”*

On the COVID-19 developments, Serge Van Herck added:

*“The covid-19 crisis is impacting us all directly or indirectly. The majority of our team members are working safely from home, developing new capabilities to support our customer and getting ready to assist our customers for the potential compressed sports season ahead of us while continuing to deliver the solutions for future proof broadcast centers for our most demanding customers”.*

Commenting on the results and the outlook, **Yvan Absil, CFO**, said: *“Our orderbook (without big events) as of April 30<sup>th</sup> amounts to EUR 39,6 million, with about 80% expected to be recognized as revenues in H1 2020. There is also an additional EUR 1.1 million of revenues recognized for big events rentals that took place at the beginning of the year.*

*On the Axon side, thanks to commercial synergies mainly, we expect to deliver an incremental EBITDA between 6-10MEUR as of 2023, leading to an accretive transaction on EPS as soon as 2021”.*

On the Share Buy Back program, Yvan Absil, added: *“We have completed the EUR 10 millions share buyback program announced in October 2018 and have announced a new program of EUR 5 millions for one year which will start tomorrow”.*

### EVS Market Dynamics and customer wins

The current market conditions are extremely challenging for broadcasters: many news related broadcast centers see their news audience peak at this moment in time which translates in continued ordering of certain of our solutions, even if their advertising revenues may be challenged.

Considering the potential future concurrence of various live events (e.g. 8 months international cycling season compressed on 3 months with the new calendar) when the confinement measures will be relaxed, the possibility exists that both LAB customers and LSP customers will need to acquire more equipment.

Traction for remote production workflows has significantly increased due to precautionary health measures with some customers leveraging key features of EVS workflows. EVS accelerates the development of additional features within its products to support its customers in their challenges.

Until end March, the order intake progressed well versus the same period last year, with +14% order intake (excl. big event rentals). But as of end of April, and before some key deals wins early May in NALA, order intake declined -9.6% YTD (excl big event rentals) versus the same period last year.

Some key wins:

- In US, large renewal project (5MUSD+) of a major sport federation based on XT-VIA.
- In APAC, two large broadcast centers will be modernized and extended with EVS technology in terms of PAM, Ingest and Playout servers, fully leveraging SMPTE 2110.
- In EMEA, a large production company and a major broadcaster have decided to upgrade their production environment with XT-VIA and VIA platform based on full IP environment as well
- DYVI continues its progress in Western Europe. It has been selected by a Swedish newspaper for its news studio production. DYVI has also confirmed its perfect fit for eSports with an ongoing deployment for a new eSport focused studio targeted for gaming events.
- EVS has also supported the latest SuperBowl for which the setup deployed a full 2110 environment with XHUB-VIA supporting faster exchange of content between servers and operators. EVS has also been deploying a Proof-of-Concept enabling higher frame rate images generated by Artificial Intelligence from pylon cams, extrapolating frames from 60fps to 180fps.

## **AXON acquisition**

With the addition of Axon products to the EVS portfolio, EVS is offering a broad and comprehensive modern media infrastructure solution. Teams from both companies are progressing well on the integration.

Customer service, sales, product, marketing and R&D teams are ensuring business continuity on both sides despite covid-19 and preparing to leverage synergies from 2021 onwards.

EVS considers mainly 3 kinds of synergies for revenues:

- > Thanks to EVS worldwide presence, EVS expects to sell Axon products in regions where Axon was not present or not necessarily well or enough represented.
- > EVS and Axon (now EVS Media Infrastructure) will also develop joint value propositions: Cerebrum control system is already integrated with EVS Score Master SDN IP orchestrator which controls Live IP switches within a full IP infrastructure. Thanks to this integration, the company now offers the most modern and comprehensive control system to configure, monitor and control a full IP 2110 infrastructure.
- > EVS starts engaging with selected key customers involving EVS Media Infrastructure Solutions team to reflect about future IP Infrastructure needs, build PoCs and early bird programs

Additionally, some costs synergies are expected around EUR 1 million per year as of 2021 offset by additional operational expenses to reinforce the consultancy team to support growth of solution sales as well as reinforcement of Score Master development team to maximize product synergies.

The objective is to reach between EUR 6 - 10 million additional EBITDA as of 2023, leading to an accretive transaction on EPS as soon as 2021 (after synergy implementation on revenues and before amortization derived from PPA).

Axon results will be consolidated in EVS financial statements as of May 1<sup>st</sup> 2020.

## **Outlook**

The order book (to be recognized in 2020) on April 30, 2020 amounts to EUR 39.6 million compared to EUR 42.8 million last year (at the same date) excluding big event rentals. Additional EUR 1.1 million orders already received and delivered for big event rentals to be recognized in 2020.

In addition to this order book to be recognized in 2020, EVS already has EUR 3.8 million of orders to be invoiced in 2021 and beyond (excl. big event rentals).

Based on the current market outlook and given the uncertainties around covid-19 impacts, EVS does not give any revenue guidance for the year 2020. Operational expenses (excluding Axon) are expected to slightly decrease compared to 2019.

## **Conference call**

EVS will hold a conference call in English at 3.30 pm CEST this Thursday May 14, 2020 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 20 7192 8501 (United Kingdom), +32 2 401 70 35 (Belgium), +1 866 66 54 038 (United States)  
Conference call ID: 649 12 79.

**Corporate Calendar:**

May 19, 2020: Ordinary General Meeting  
August 27, 2020: 2Q20 & 1H2020 results  
November 19, 2020: 3Q20 trading update

**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**

We create return on emotion.

EVS is globally recognized as a leader in live video technology for broadcast and new media productions. Our passion and purpose are to help our clients craft immersive stories that trigger the best return on emotion. Through a wide range of products and solutions, we deliver the most gripping live sports images, buzzing entertainment shows and breaking news content to billions of viewers every day – and in real-time.

The company is headquartered in Belgium with offices in Europe, the Middle East, Asia and North America, and provides sales and technical support to more than 100 countries.

EVS is a public company traded on Euronext Brussels: EVS, ISIN: BE0003820371.

For more information, please visit [WWW.EVS.COM](http://WWW.EVS.COM).