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

EVS REPORTS SECOND QUARTER 2014 RESULTS

Solid performance

> **2Q14 highlights**

- Revenue of EUR 35.6 million, +19.4% (+9.0% excl. event rentals and at constant currency), in line with management expectations
- Performance in Americas remains strong in 2Q14 (compared to weak 2Q13)
- Successful delivery of biggest World Cup ever in terms of TV production
- EBIT of EUR 12.9 million (36.2% of EBIT margin), EPS of EUR 0.66

> **2014 highlights**

- Summer order book of EUR 40.9 million on August 27, 2014
 - > -6.1% vs. 2013, excluding big events
 - > In addition, EUR 13.0 million order book for 2015 and beyond
- 2014 guidance:
 - > Given that the live production server market shows signs of moderate slowdown, revenue in 2014 (incl. approx. EUR 14 million big event rentals) is now expected to grow at low single digit compared to 2013
 - > 10-13% expected opex growth mainly related to investments in new technologies as we stay confident in the future growth of our target markets

KEY FIGURES

Unaudited			EUR millions, except earnings per share expressed in EUR	Reviewed		
2Q14	2Q13	2Q14/2Q13		1H14	1H13	1H14/1H13
35.6	29.8	+19.4%	Revenue	64.9	62.6	+3.7%
26.7	22.7	+17.3%	Gross margin	48.6	48.7	-0.2%
75.0%	76.3%	-	Gross margin %	74.9%	77.9%	-
12.9	9.7	+33.5%	Operating profit – EBIT	22.9	24.1	-5.0%
36.2%	32.4%	-	Operating margin – EBIT %	35.3%	38.5%	-
0.0	0.2	N/A	Contribution from dcinex	0.1	0.1	N/A
8.9	6.9	+28.0%	Net profit (Group share)	16.0	17.0	-5.8%
0.66	0.51	+28.0%	Basic earnings per share (Group share)	1.19	1.26	-5.8%

COMMENTS

“In the current challenging environment, we have been able to protect our market shares in our 4 target markets and deliver solid results in the second quarter,” said Joop Janssen, Managing Director & CEO of EVS. “During the last few months, our customers highly appreciated the EVS contribution to the large sporting events (e.g. the winter Olympics, the World Cup – with record TV audiences - and the Commonwealth Games), including our latest developments to help them to enrich this valuable content and speed up production and distribution. At the upcoming IBC tradeshow in Amsterdam, we will launch new features and solutions, which will help us to consolidate our leading position in Sports and ENM. We are confident that our strategy is right and that our continued efforts will start paying off when the market situation improves.”

Commenting on the results and prospects, Magdalena Baron, CFO, said: “Our performance in the second quarter was fully in line with expectations. Revenue was up by +9.0% compared to 2Q13 (at constant currency and excl. big events), which resulted in higher operating margin (36.2%), despite our continued investments in the future growth, through new hires and our investment in SVS/Dyvi Live. Obviously, we are challenged with the continued weakness of the live production server market, which shows signs of moderate slowdown. As a consequence, we now expect sales in 2014 to grow at low single digit compared to 2013. The operating expenses growth is now expected at 10-13% for 2014, as we continue to carefully manage our costs and selectively invest in the important developments linked to our growth opportunities.”

Revenue in 2Q14 and 1H14

EVS revenue amounted to **EUR 35.6 million in 2Q14**, an increase of 19.4% (+9.0% at constant currency and excluding the big event rentals) compared to 2Q13. Sales of solutions in **Sports** increased by 20.8% (+22.5% at cst currency) to EUR 23.2 million, representing 65.2% of total group sales in 2Q14. **ENM** (Entertainment, News and Media) sales decreased by 17.8% in 2Q14 to EUR 8.3 million (-16.8% at cst currency). ENM sales represented 23.3% of total sales in 2Q14. **Big events rentals** amounted to EUR 4.1 million in 2Q14, relating to the Soccer World Cup in Brazil, compared to EUR 0.5 million in 2Q13. They represented 11.5% of total sales in 2Q14.

2Q14	2Q13	%2Q14/ 2Q13	Revenue – EUR millions ⁽¹⁾	1H14	1H13	% 1H14/ 1H13
35.6	29.8	+19.4%	Total reported	64.9	62.6	+3.7%
36.2	29.8	+21.5%	Total at constant currency	65.8	62.6	+5.1%
31.9	29.3	+9.0%	Total at constant currency and excluding big event rentals	59.0	62.1	-5.0%

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

EVS revenue amounted to **EUR 64.9 million in 1H14**, an increase by 3.7% at actual exchange rate (-5.0% at constant currency and excluding the big event rentals) compared to 1H13. In the first half, Sports represented 65.0%, ENM 24.8% and Big events rentals 10.2%.

Geographically, sales (excl. big event rentals) have evolved in 2Q14 as follows:

- Europe, Middle-East and Africa (“**EMEA**”): EUR 17.7 million (+1.8% compared to 2Q13, at constant currency)
- “**Americas**”: EUR 8.7 million (+184.2% compared to 2Q13, at constant currency)
- Asia & Pacific (“**APAC**”): EUR 5.1 million (-41.4% at constant currency).

Operating results in 2Q14

Consolidated gross margin was 75.0% for 2Q14, lower than 2Q13 due to product mix and some reclassification between R&D and cost of goods sold. Operating expenses grew by 6.8% (vs. revenue growth of 19.4%), mainly due to some extra hires and additional costs in 2014 that include the investment in DYVI Live/SVS. This leads to a **2Q14 EBIT margin of 36.2%**, compared to 32.4% last year. dcinex contributed EUR 0.0 million to EVS results in 2Q14. Group net profit amounted to EUR 8.9 million in 2Q14, compared to EUR 6.9 million in 2Q13, while net profit from operations, excluding dcinex, was EUR 9.6 million in 2Q14 (+24.7%). **Basic net profit per share amounted to EUR 0.66 in 2Q14**, compared to EUR 0.51 for 2Q13.

Operating results in 1H14

Consolidated gross margin was 74.9% for 1H14, compared to 77.9% in 1H13 due to product mix, some reclassification between R&D and cost of goods sold and write-offs related to the move to the new building. Operating expenses grew by 4.8%, mainly due to some extra hires and additional costs in 2014 that include the investment in DYVI Live/SVS. This leads to a **1H14 EBIT margin of 35.3%**, compared to 38.5% last year. dcinex contributed EUR 0.1 million to EVS results in 1H14, compared to a neutral contribution in 1H13. Group net profit amounted to EUR 16.0 million in 1H14, compared to EUR 17.0 million in 1H13, while net profit from operations, excluding dcinex, was EUR 16.8 million in 1H14. **Basic net profit per share amounted to EUR 1.19 in 1H14**, -5.8% compared to EUR 1.26 for 1H13.

Staff

At the end of June 2014, EVS employed 503 people (FTE), +5.4% compared to June 2013 (477). On average, EVS employed 500 FTE in 2Q14, compared to 472 in 2Q13, a 5.9% increase. The main increase is due to more R&D employees. One third of EVS' headcount are located outside of Belgium.

Balance sheet and cash flow statement

Total equity represented 51.4% of total balance sheet at the end of June 2014. Inventories amounted to EUR 17.9 million at the end of June, including around EUR 4.0 million value of own equipment used for own R&D and demos of EVS products. Inventories were slightly higher than at the end of 2013, as they include some equipment used during the World Cup. 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, split today in 6 different buildings. EUR 39.4 million have been invested by the end of June 2014 (less EUR 5.2 million of subsidies booked at the same date). The total budget for the project (including some higher investments in future-proof equipment) is estimated between EUR 55 and EUR 60 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) to satisfy the short term cash needs relating to the new building. At the end of June 2014, a total of EUR 24.0 million has been drawn on available facilities.

The net cash from operating activities amounted to EUR 29.5 million in 1H14. On June 30, 2014, the group balance sheet showed **EUR 34.8 million in cash and cash equivalents**, and EUR 28.6 million in financial long-term debts (including short term portion of it).

At the end of June 2014, there were 13,625,000 EVS outstanding shares, of which 140,498 were owned by the company. At the same date, 344,550 warrants were outstanding with an average strike price of EUR 41.04 and an average maturity in 2016.

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 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), to add new 'second screen' TV applications and to 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 promising niches where the combination of infrastructure reliability, applications agility and service quality are essential success criteria.

Outlook 2014

The **summer order book** (to be invoiced in 2014) on August 27, 2014 amounts to **EUR 40.9 million**, which is 15.5% higher compared to EUR 35.4 million on the same date one year ago (-6.1%, excl. big event rentals). The order book includes EUR 7.7 million for big events rentals for the 2014 Soccer World Cup (Brazil) and other smaller sporting events. Sports represent 55.7% of the order book. In addition to this order book to be invoiced in 2014, EVS already has EUR 13.0 million orders to be invoiced in 2015 and beyond (compared to a record EUR 19.6 million last year).

We see signs of moderate slowdown in the broadcast industry (and more specifically the live production server market). As a consequence, revenue in 2014 is now expected to grow at low single digit compared to last year. Big sporting events are expected to bring around EUR 14 million rental revenues in 2014. Additional short-term investments in the development of new IP video network and Cloud-based technologies should lead to Opex growth between 10% and 13% in 2014 and are expected to result in medium to long term profitable growth.

Combined General Meeting

A Combined General Meeting (special and extraordinary) is planned next October 3, 2014 at EVS Headquarters. During the Special General Meeting, shareholders will be asked to approve the change of control clauses relating to the extension of the loans (signed earlier in May) for the building. During the Extraordinary General Meeting, shareholders will be asked to renew the authorizations given to the Board to buy back shares and increase capital (same topics as the last EGM in June, with adapted thresholds).

EVS will hold today a conference call in English at 3:00 pm CET (please contact corpcom@evs.com to receive the dial-in number and the presentation). It will be attended by Joop Janssen, CEO, Magdalena Baron, CFO and Geoffroy d'Oultremont, VP IR.
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Corporate Calendar:

Friday October 3, 2014: Combined General Meeting

Wednesday November 5, 2014: postponed Extraordinary General Meeting

Tuesday November 18, 2014: 3Q14 earnings

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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 503 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.

Condensed consolidated financial statements

ANNEX 1: CONDENSED CONSOLIDATED INCOME STATEMENT

(EUR thousands)	Notes	1H14 Reviewed	1H13 Reviewed	2Q14 Unaudited	2Q13 Unaudited
Revenue	5.4	64,916	62,611	35,574	29,794
Cost of sales		-16,274	-13,868	-8,903	-7,053
Gross profit		48,641	48,743	26,671	22,741
Gross margin %		74.9%	77.9%	75.0%	76.3%
Selling and administrative expenses		-12,156	-12,127	-6,769	-6,562
Research and development expenses	5.8	-12,541	-11,447	-6,254	-5,632
Other revenue		30	201	-20	105
Other expenses		-95	-86	-55	-42
Stock based compensation and ESOP plan		-748	-880	-612	-804
Amortization and impairment on goodwill, acquired technology and IP		-230	-292	-67	-146
Operating profit (EBIT)		22,902	24,112	12,893	9,660
Operating margin (EBIT) %		35.3%	38.5%	36.2%	32.4%
Interest revenue on loans and deposits		92	95	43	24
Interest charges		-161	-132	-87	-67
Other net financial income / (expenses)	5.9	56	191	85	4
Share in the result of the enterprise accounted for using the equity method	5.11	178	102	7	244
Profit before taxes (PBT)		23,066	24,369	12,941	9,865
Income taxes	5.10	-7,678	-7,575	-4,384	-3,108
Net profit from continuing operations		15,388	16,793	8,557	6,757
Net profit		15,388	16,793	8,557	6,757
Attributable to :					
Non controlling interest		-596	-180	-318	-175
Equity holders of the parent company		15,984	16,973	8,874	6,933
Net profit from operations, excl dcinex – share of the group (1)	5.3	16,833	18,111	9,571	7,676
EARNINGS PER SHARE (in number of shares and in EUR)	5.7	1H14 Reviewed	1H13 Reviewed	2Q14 Unaudited	2Q13 Unaudited
Weighted average number of subscribed shares for the period less treasury shares		13,469,540	13,474,395	13,479,675	13,474,395
Weighted average fully diluted number of shares		13,895,707	13,890,297	13,895,569	13,890,297
Basic earnings – share of the group		1.19	1.26	0.66	0.51
Fully diluted earnings – share of the group (2)		1.15	1.22	0.64	0.50
Basic net profit from operations, excl dcinex – share of the group		1.25	1.34	0.71	0.57

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(EUR thousands)	1H14 Reviewed	1H13 Reviewed	2Q14 Unaudited	2Q13 Unaudited
Net profit	15,388	16,793	8,557	6,757
Other comprehensive income of the period				
Currency translation differences	52	115	27	-70
Other increase/(decrease)	-498	604	-811	228
Total comprehensive income for the period	14,942	17,512	7,773	6,915
Attributable to :				
Non controlling interest	-596	-180	-318	-175
Equity holders of the parent company	15,538	17,692	8,090	7,091

(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 276,050 warrants that were not exercisable at the end of June 2014, fully diluted earnings per share in 2Q14 would have been EUR 1.17 (see also note 5.6)

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

ASSETS (EUR thousands)	Notes	June 30, 14 Reviewed	Dec. 31, 2013 Audited
Non-current assets :			
Goodwill		1,259	1,393
Acquired technology and IP		0	96
Other intangible assets		473	630
Lands and buildings	5.16	40,964	31,855
Other tangible assets		1,666	1,843
Investment accounted for using equity method	5.11	8,657	8,480
Subordinated loans	5.11	1,330	1,330
Other financial assets		220	252
Total non-current assets		54,569	45,878
Current assets :			
Inventories		17,890	16,193
Trade receivables		22,958	29,535
Other amounts receivable, deferred charges and accrued income		5,919	5,569
Cash and cash equivalents		34,753	11,750
Assets classified as held for sale	5.16	582	0
Total current assets		82,102	63,048
Total assets		136,671	108,926
EQUITY AND LIABILITIES (EUR thousands)			
	Notes	June 30, 2014 Reviewed	Dec. 31, 2013 Audited
Equity :			
Capital			
		8,342	8,342
Reserves		80,978	80,395
Interim dividends		0	-15,650
Final dividend		-13,625	0
Treasury shares		-5,364	-5,029
Total consolidated reserves		61,988	59,716
Translation differences		-8	-60
Equity attributable to equity holders of the parent company		70,323	67,998
Non controlling interest		-127	469
Total equity	4	70,195	68,466
Long term provisions		1,257	1,254
Deferred taxes liabilities		1,345	1,043
Financial long term debts	5.16	22,184	8,282
Non-current liabilities		24,787	10,579
Short term portion of financial long term debts		6,461	1,791
Trade payables		8,139	5,446
Amounts payable regarding remuneration and social security		8,722	9,257
Income tax payable		6,275	4,666
Other amounts payable, advances received, accrued charges and deferred income		12,093	8,721
Current liabilities		41,690	29,881
Total equity and liabilities		136,671	108,926

ANNEX 3: CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(EUR thousands)	Notes	1H2014 Reviewed	1H2013 Reviewed
Cash flows from operating activities			
Operating Profit (EBIT)		22,902	24,112
Adjustment for non cash items :			
- Depreciation and write-offs on fixed assets		1,457	1,705
- Stock based compensation and ESOP	1, 4	748	880
- Provisions and deferred taxes increase (+)/ decrease (-)		302	-933
		25,409	25,764
Increase (+)/decrease (-) of cash flows			
- Amounts receivable		6,577	1,252
- Inventories		-1,698	-334
- Trade debts		2,693	28
- Remuneration, social security and taxes debts		1,078	2,163
- Other items of the working capital		3,076	-448
<i>Cash generated from operations</i>		37,135	28,426
Interest received		92	95
Income taxes	5.10	-7,678	-7,575
Net cash from operating activities		29,549	20,946
Cash flows from investing activities			
Purchase (-)/disposal (+) of intangible assets		-154	-768
Purchase (-)/disposal (+) of property, plant and equipment		-10,429	-11,168
Purchase (-)/disposal (+) of other financial assets		32	-795
Net cash used in investing activities		-10,551	-12,731
Cash flows from financing activities			
Operations with treasury shares	4, 5.6	-335	1,383
Other net equity variations		-446	-216
Interest paid		-161	-132
Movements on long-term borrowings	5.15	18,572	-87
Final dividend paid	4, 5.5	-13,625	-19,933
Net cash used in financing activities		4,005	-18,985
Net increase (+)/ decrease (-) in cash and cash equivalents		23,003	-10,770
Cash and cash equivalents at beginning of period		11,750	21,426
Cash and cash equivalents at end of period		34,753	10,656

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		17,573		115	17,688	-180	17,508
Business combination						1,125	1,125
Share-based payments		179			179		179
Operations with treasury shares			1,383		1,383		1,383
Final dividend		-19,933			-19,933		-19,933
Balance as per June 30, 2013	8,342	63,074	-5,029	196	66,583	953	67,535

(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		15,486		52	15,538	-596	14,942
Share-based payments		748			748		748
Operations with treasury shares			-335		-335		-335
Final dividend		-13,625			-13,625		-13,625
Balance as per June 30, 2014	8,342	67,353	-5,364	-8	70,323	-127	70,195

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 6 month-period ended June 30, 2014, are established and presented in accordance with "IAS 34 Interim Financial Reporting", 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)	1H14	1H13
Net profit for the period – IFRS	15,984	16,973
Allocation to Employees Profit Sharing Plan	466	755
Stock Option Plan	282	125
Amortization and impairment on acquired technology and IP	230	292
Amortization/impairment on Tax Shelter rights assets	-	6
Contribution of dcinex	-128	-40
Net profit from operations, excl. dcinex	16,833	18,111

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.

2Q14	2Q13	% 2Q14/ 2Q13	Revenue (EUR thousands)	1H14	1H13	% 1H14/ 1H13
23,198	19,206	+20.8%	Sports	42,163	46,343	-9.0%
8,271	10,058	-17.8%	Entertainment, News & Media	16,103	15,738	+2.3%
4,105	530	N/A	Big sporting event rentals	6,648	530	N/A
35,574	29,794	+19.4%	Total Revenue	64,916	62,611	+3.7%

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
2Q14 revenue	5,054	17,739	8,676	4,105	35,574
Evolution versus 2Q13 (%)	-41.4%	+1.8%	+170.8%	N/A	+19.4%
Variation versus 2Q13 (%) at constant currency	-41.4%	+1.8%	+184.2%	N/A	+21.5%
2Q13 revenue	8,632	17,428	3,204	530	29,794

Revenue for 6 months (EUR thousands)	APAC excl. events	EMEA excl. events	Americas excl. events	Big event Rentals	TOTAL
1H14 revenue	10,507	30,943	16,818	6,648	64,916
Evolution versus 1H13 (%)	-44.2%	-2.2%	+44.8%	N/A	+3.7%
Variation versus 1H13 (%) at constant currency	-44.2%	-2.2%	+51.0%	N/A	+5.1%
1H13 revenue	18,816	31,647	11,618	530	62,611

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 27.3 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.

2Q14	2Q13	% 2Q14/ 2Q13	Revenue (EUR thousands)	1H14	1H13	% 1H14/ 1H13
33,371	27,892	+19.6%	Systems	60,763	59,090	+2.8%
2,203	1,902	+15.8%	Services	4,151	3,520	+17.9%
35,574	29,794	+19.4%	Total Revenue	64,916	62,611	+3.7%

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.

(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	-
Total dividends paid		13,625	35,583

NOTE 6: EQUITY SECURITIES

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

	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 June 30	140,498	133,364
Outstanding warrants at June 30	344,550	411,400

In 1H14, 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 June 2014, the company owned 140,498 own shares at an average historical price of EUR 38.18. At the end of June 2014, 344,550 warrants were outstanding with an average strike price of EUR 41.04 and an average maturity of August 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)	1H14	1H13
Gross R&D expenses	13,379	12,079
R&D tax credits for current fiscal year	-838	-632
R&D expenses	12,541	11,447

NOTE 9: OTHER NET FINANCIAL INCOME / (EXPENSES)

(EUR thousands)	1H14	1H13
Exchange results from statutory accounts	-143	210
Exchange results relating to IFRS consolidation methodology	192	22
Impairment on Tax Shelter investments	-	-6
Other financial results	7	-35
Other net financial income / (expenses)	56	191

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)	1H14	1H13
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	22,889	24,267
Reported tax charge based on the effective tax rate	-7,678	-7,575
Effective tax rate	33.5%	31.2%
Reconciliation items for the theoretical tax charge		
Tax effect of Tax Shelter	-	-25
Tax effect of deduction for notional interests	-102	-88
Tax effect of non deductible expenditures	191	203
Other increase / (decrease)	228	328
Total tax charge of the group entities computed on the basis of the respective local nominal rates	-7,361	-7,158
Theoretical tax rate (relating to EVS operations, excl. dcinex)	32.2%	29.5%

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

At the end of June 2014, EVS owns 41.3% of dcinex SA share capital and has a fully diluted share of 31.2% in the company. 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 9.2 million on June 30, 2014.

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

(EUR thousands)	1H14	1H13
Revenue	43,689	41,808
EBITDA	16,914	14,066
Net result for the period	311	97
Part of dcinex capital held by EVS	41.3%	41.3%
dcinex contribution – share of EVS	128	40

The cumulated Tax Loss Carry Forward of dcinex SA amounts to EUR 28 million on June 30, 2014. At the same date, 63% of deferred tax assets relating to these losses have been recognized.

Please also read note 17 on subsequent events for further information on dcinex.

NOTE 12: GOODWILL on 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. The principal reason for this investment is to give EVS access to this promising technology.

Notwithstanding that EVS only holds 25.1% of the shares outstanding as at December 31, 2013, the Group consider to have the control of SVS because it has the power on the business decisions and it controls totally the outflow of the company through the exclusive distribution agreement between a new fully owned subsidiary (DYVI LIVE, fully consolidated in the EVS accounts) and SVS. Moreover, EVS finances the future expenses occurring for the SVS development. Consequently, SVS is fully consolidated and non-controlling interests are accounted for (74.9%).

In 1H14, these two entities have contributed EUR 0 million to EVS revenues, EUR -1.3 million to EBIT and EUR -0.8 million to net group profit, including non-controlling interest. At June 30, 2014, goodwill amounted to EUR 1.1 million.

NOTE 13: HEADCOUNT

(in full time equivalents)	At June 30	Quarter average
2014	503	500
2013	477	472
<i>Variation</i>	<i>+5.4%</i>	<i>+5.9%</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 1H	Average 2Q	At June 30
2014	1.3704	1.3710	1.3658
2013	1.3134	1.3061	1.3080
<i>Variation</i>	<i>-4.2%</i>	<i>-4.7%</i>	<i>-4.2%</i>

For 2Q14, the average US dollar exchange rate against the Euro has decreased by 4.7% compared to 2Q13. It had a negative impact of EUR 0.6 million on revenue (-2.1%). 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 up to 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 in-flows by forward foreign exchange contracts. The relevant hedging results are booked as financial results.

On June 30, 2014, the group held USD 3.0 million in forward exchange contracts, 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 2013 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%). In May 2014, EVS has signed additional available loan facilities for an amount of EUR 12 million (50% ING and 50% BNPPF) on 5 years. As of June 30, 2014, EVS has drawn EUR 24.0 million on this credit lines. The new headquarter shall be inaugurated at the end of 2014, and the move will be totally finished in the spring of 2015.

A "preliminary sales agreement" ("*compromis de vente*") has been signed for one of the current buildings. Hence this building is reclassified as "Asset classified as held for sale" on the balance sheet at fair value less the estimated costs of the transaction.

NOTE 17: SUBSEQUENT EVENTS

dcinex:

On July 21, 2014, EVS announced that it had reached an agreement to sell its 41.3% stake in dcinex to Ymagis SA. Pursuant to the agreement, Ymagis will acquire upon closing all shares and warrants ("*droits de souscription*") issued by dcinex. The signature of final documentation and the execution of the transaction (by contribution in kind) should take place in the coming weeks, subject to usual precedent conditions (including the approval by the General Meeting of Ymagis shareholders and the agreement of all the financing banks of dcinex). The transaction also includes other customary clauses.

Under the agreement, EVS will receive at the closing:

- EUR 2.1 million in cash
- 288,851 new Ymagis shares
- EUR 6.4 million in Ymagis bonds, which have a maximum maturity of 5 years. These bonds are associated with warrants.

In total, the approximate aggregate value of the different components (at Ymagis share price of EUR 7.90, at the date of the announcement) represents around EUR 10.8 million for EVS. On June 30, 2014 dcinex was valued at EUR 7.9 million on the EVS balance sheet.

Banks have requested a guarantee from the current shareholders of dcinex to cover the existing loans. EVS has granted a guarantee of EUR 2.5 million in this respect, which will be terminated upon closing of the transaction.

In addition, dcinex will reimburse the currently existing shareholders' loans. Today, the loan granted by EVS (including interests) amounts to EUR 1.5 million.

Under the agreement, the transaction costs will be spread proportionally over the different dcinex shareholders and lenders. Accordingly, EVS will record a charge of around EUR 0.5 million at the closing of the transaction.

Warrants:

Later in July 2014, the Board of Directors has decided to grant a maximum of 126,500 warrants to some of its employees, at a strike price of EUR 36.81, which is the average closing price of the last 30 days preceding the grant date, July 4, 2014.

There was no other 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 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).

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*").

**STATUTORY AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF EVS BROADCAST EQUIPMENT SA
ON THE REVIEW OF CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD
ENDED JUNE 30, 2014**

Introduction

We have reviewed the condensed consolidated interim financial statements of EVS Broadcast Equipment as of June 30, 2014, including the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows and the consolidated statement of changes in equity for the six-month period then ended, as well as the explanatory notes. The Board of Directors is responsible for the preparation and presentation of this consolidated interim financial information in accordance with IAS 34 "Interim Financial Reporting", as adopted by the European Union. Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting", as adopted by the European Union.

Battice, August 27, 2014

BDO Réviseurs d'Entreprises Soc. Civ. SCRL
Statutory auditor
Represented by

Christophe COLSON

Certification of responsible persons

Joop Janssen, Managing Director and CEO
and Magdalena Baron, CFO

Certify that, based on their knowledge,

- a) the condensed financial statements, prepared in accordance with IAS 34 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 the first half 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.