

Publication on February 16, 2017, before market opening  
Regulated information – Press release annual results  
EVS Broadcast Equipment S.A.: Euronext Brussels (EVS.BR), Bloomberg (EVS BB), Reuters (EVSB.BR)

## EVS REPORTS 2016 RESULTS

### > FY16 highlights

- Revenue of EUR 130.8 million, +1.7% compared to FY15 (excl. event rentals and at constant currency)
- Operating expenses under control (+0.3% compared to FY15)
- EBIT margin of 35.3% (34.3% EBIT margin excluding the impact of *other income*)
- Net profit of EUR 32.8 million, EPS of EUR 2.43

### > 4Q16 highlights

- Revenue of EUR 27.0 million -37.3% compared to a record 4Q15 (excl. event rentals and at constant currency)
- EBIT margin of 24.0%
- Net Profit of EUR 4.9 million, EPS of EUR 0.36

### > Outlook

- Order book of EUR 36.2 million on February 15, 2017 (to be invoiced in 2017)
  - > -15.4% vs last year, excl. big event rentals
- Additional EUR 17.6 million orders to be invoiced in 2018 and beyond, including EUR 8.2 million of big events rentals

## KEY FIGURES

Unaudited			EUR millions, except earnings per share expressed in EUR	Audited		
4Q16	4Q15	4Q16/4Q15		FY16	FY15	FY16/FY15
27.0	42.9	-36.9%	Revenue	130.8	118.5	+10.4%
19.1	31.7	-39.7%	Gross margin	97.2	84.2	+15.3%
70.8%	74.0%	-	Gross margin %	74.3%	71.1%	-
6.5	18.0	-64.1%	Operating profit – EBIT	46.2	32.6	+41.4%
24.0%	42.1%	-	Operating margin – EBIT %	35.3%	27.6%	-
4.9	13.4	-63.8%	Net profit (Group share)	32.8	23.7	+38.4%
0.36	1.00	-63.8%	Basic earnings per share (Group share)	2.43	1.76	+38.3%

## COMMENTS

“2016 was a strong year for our company, both in terms of projects (including our key role during the big sporting events) and financial performance. We successfully launched the XT4K server and got some major references for our Dyvi live production switcher. The leadership of the company has been strengthened with new experienced senior executives and it provides a solid foundation to build our future. In 2017, we will continue working on new growth initiatives as well as on improvement measures to speed up our development processes”, said Muriel De Lathouwer, CEO of EVS.

Commenting on the results and prospects, Yvan Absil, CFO, said: “Combining high revenue of EUR 130.8 million and stable operating expenses compared to last year led to a solid operating margin of 35.3% in 2016. Obviously, 2016 included EUR 12.1 million of big event rentals, which will not take place in 2017. With respect to 2017, at this stage, our visibility on the top-line is low.”

## Revenue in 4Q16 and FY16

4Q16	4Q15	%4Q16/ 4Q15	Revenue – EUR millions	FY16	FY15	% FY16/ FY15
27.0	42.9	-36.9%	Total reported	130.8	118.5	+10.4%
26.9	42.9	-37.2%	Total at constant currency	130.7	118.5	+10.3%
26.9	42.9	<b>-37.3%</b>	<b>Total at constant currency and excluding big event rentals</b>	118.6	116.6	<b>+1.7%</b>

EVS revenue amounted to EUR 27.0 million in 4Q16, a 36.9% decrease compared to a record 4Q15 (-37.3% at constant currency and excluding big event rentals). Revenue of solutions in Outside broadcast vans represented 50.1% of the total group revenue. Studio & others revenue represented 49.8% of total revenue in 4Q16.

In FY16, EVS revenue reached EUR 130.8 million, an increase by 10.4% (+1.7% at constant currency and excluding the big event rentals) compared to FY15. In FY16, Outside Broadcast vans represented 51.5%, Studio & others 39.2% and Big events rentals 9.3%.

Geographically, revenues (excl. big event rentals) are distributed in FY16 as follows:

- Europe, Middle-East and Africa (“EMEA”): EUR 52.9 million
- “Americas”: EUR 39.8 million
- Asia & Pacific (“APAC”): EUR 26.0 million

## Fourth quarter 2016 results

Consolidated gross margin was 70.8% in 4Q16, compared to 74.0% in 4Q15 due to lower Revenue (4Q15 revenue were at a record level). Operating expenses decreased by 7.7% vs 4Q15, mainly due to R&D tax credit in France (starting in 2016) and lower distribution fees. This led to a 4Q16 EBIT margin of 24.0% in 4Q15. Group net profit amounted to EUR 4.9 million in 4Q16, compared to EUR 13.4 million in 4Q15. Basic net profit per share amounted to EUR 0.36 in 4Q16, compared to EUR 1.00 in 4Q15.

## Full year 2016 results

Consolidated gross margin was 74.3% for FY16, compared to 71.1% in FY15 due to higher revenue and the positive impact of the product mix. Operating expenses grew by 0.3% yoy, and remain under control. Main moves include natural salary increases, offset by the R&D tax credit in France (starting in 2016). The other revenues include among other a capital gain on the disposal of assets held for sale recorded in 1Q16. This leads to a FY16 EBIT margin of 35.3% (34.3% excluding the impact of *other income*), compared to 27.6% in FY15. The effective tax rate for FY16 is 28.6%, an improvement compared to 29.2% in FY15 due to the tax impact on R&D investment deductions. Group net profit amounted to EUR 32.8 million in FY16, compared to EUR 23.7 million in FY15. Basic net profit per share amounted to EUR 2.43 in FY16, an increase of 38.3% compared to EUR 1.76 in FY15.

## Staff

At the end of December 2016, EVS employed 481 people (FTE), -0.8% compared to 485 at the end of 2015.

## Balance sheet and cash flow statement

Total equity represents 60.8% of total balance sheet at the end of 2016. Inventories amount to EUR 13.5 million, a decrease of EUR 2.1 million compared to last year due to the timing of purchase of components. It includes around EUR 2.5 million value of own equipment used for R&D and demos of EVS products. In the liabilities, provisions include mainly the provision for technical warranty on EVS products for labor and parts.

Lands and building mainly include the new headquarters in Liège. Depreciation is approximately EUR 2.1 million on a full year basis. Liabilities include EUR 19.8 million of financial debt (including long term and short term portion of it), mainly relating to the new building. The company already started to repay it in 2015 with installment of around EUR 5.2 million reimbursement per year.

The net cash from operating activities amounts to EUR 51.2 million in FY16. On December 31, 2016, cash and cash equivalents total EUR 53.2 million.

At the end of 2016, there were 13,625,000 EVS outstanding shares, of which 119,111 were owned by the company. At the same date, 211,050 warrants were outstanding with an average strike price of EUR 41.16 and an average maturity in September 2018.

## 2017 outlook

The order book (to be invoiced in 2017) on February 15, 2017 amounts to EUR 36.2 million, which is -28.2% compared to EUR 50.4 million last year (or -15.4% excl. big event rentals). In addition to this order book to be invoiced in 2017, EVS already has EUR 17.6 million of orders to be invoiced in 2018 and beyond.

While the first 4K productions have created some traction in 2H16, we expect that 4K will gradually become part of the server replacement cycles. The adoption of IP is progressing thanks to initiatives such as AIMS (Alliance for IP Media Solutions).

For 2017, there are no major big event planned. At this stage, our visibility on the top-line is, a usual, low. We forecast a moderate increase of our operating expenses to sustain our efforts in innovation and new product developments.

## Status of the control by the Statutory Auditors

The Statutory Auditor Ernst & Young Réviseurs d'Entreprises SCCRL confirmed that his audit work, which is substantially completed, did not reveal significant matters requiring adjustments to be brought to the historical accounting information presented in the press release.

## Conference call

EVS will hold a conference call in English today at 2.00 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)20 7162 0077 (United Kingdom), +32 (0)2 290 14 07 (Belgium), +1 646 851 2407 (United States)  
Conference call ID: 961335

## Corporate Calendar:

Thursday May 11, 2017: 1Q17 results  
Tuesday May 16, 2017: Ordinary General Meeting  
Thursday August 31, 2017: 2Q17 results  
Thursday November 16, 2017: 3Q17 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 is globally recognized as the technology leader for live video production. The company introduced Live Slow Motion replay in 1994, and has continued to build on its reputation for quality and reliability with solutions that enhance live sports, entertainment and news content. Innovations – such as the C-Cast multimedia platform and DYVI IT-based switcher – are raising the bar for live production enrichment, management and distribution. Broadcasters, rights owners, producers and venues alike use EVS to maximize the value of their productions and increase revenue streams. The company is headquartered in Belgium with around 500 employees in 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)



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

ASSETS (EUR thousands)	Notes	Dec 31, 2016 Audited	Dec. 31, 2015 Audited
<b>Non-current assets :</b>			
Goodwill		1,125	1,125
Other intangible assets		386	404
Lands and buildings		46,843	48,054
Other tangible assets		3,358	3,586
Investment accounted for using equity method		954	920
Other long term amounts receivables *		2,216	1,602
Deferred tax assets		4,090	-
Other financial assets		341	273
<b>Total non-current assets</b>		<b>59,314</b>	<b>55,964</b>
<b>Current assets :</b>			
Inventories		13,549	15,568
Trade receivables *		24,882	34,652
Other amounts receivable, deferred charges and accrued income		3,364	3,620
Other financial assets		2,003	1,118
Cash and cash equivalents		53,150	22,572
<b>Total current assets</b>		<b>96,947</b>	<b>77,529</b>
Assets classified as held for sale	5.3	<b>4,016</b>	<b>5,051</b>
<b>Total assets</b>		<b>160,276</b>	<b>138,544</b>
<b>EQUITY AND LIABILITIES (EUR thousands)</b>			
<b>Equity :</b>			
<b>Capital</b>		<b>8,342</b>	<b>8,342</b>
Reserves		92,611	73,953
Treasury shares		-4,548	-4,960
<b>Total consolidated reserves</b>		<b>88,064</b>	<b>68,993</b>
Translation differences		1,040	816
<b>Equity attributable to equity holders of the parent company</b>		<b>97,446</b>	<b>78,152</b>
<b>Non-controlling interest</b>		<b>-</b>	<b>6</b>
<b>Total equity</b>	<b>4</b>	<b>97,446</b>	<b>78,157</b>
Long term provisions	5.12	1,120	1,132
Deferred taxes liabilities		-	1,678
Financial long term debts	5.11	14,550	19,600
Other long term debts		1,241	1,160
<b>Non-current liabilities</b>		<b>16,911</b>	<b>23,570</b>
Short term portion of financial debts	5.11	5,250	5,200
Trade payables		3,722	4,987
Amounts payable regarding remuneration and social security		8,856	9,879
Income tax payable		17,067	7,658
Other amounts payable, advances received, accrued charges and deferred income		11,025	9,094
<b>Current liabilities</b>		<b>45,919</b>	<b>36,817</b>
<b>Total equity and liabilities</b>		<b>160,276</b>	<b>138,544</b>

\* The presentation of the 2015 numbers has been adapted to take into account the transfer of the long term portion of the operating leases into "Other long term amounts receivables"

**ANNEX 3: CONSOLIDATED STATEMENT OF CASH FLOWS**

Notes	2016 Audited	2015 Audited
<b>Cash flows from operating activities</b>		
<b>Net profit, attributable to the equity holders of the parent company</b>	<b>32,832</b>	<b>23,714</b>
<b>Adjustment for:</b>		
-Other comprehensive income and other income	-593	224
- Depreciation and write-offs on fixed assets	3,290	2,893
- Stock based compensation and ESOP	560	527
- Provisions	-12	55
- Income tax expenses	13,101	9,754
-Interests expense (+) / Income (-)	358	-709
-Share of the result of entities accounted for under the equity method	-111	-107
<b>Adjustment for changes in working capital items:</b>		
-Inventories	2,019	-203
-Trade receivables	9,156	-8,044
-Other amounts receivable, deferred charges and accrued income	256	2,998
-Trade payables	-1,265	-238
-Amounts payable regarding remuneration and social security	-1,023	-53
-Other amounts payable, advances received, accrued charges and deferred income	2,106	2,028
<i>Cash generated from operations</i>	<i>60,674</i>	<i>32,839</i>
Income taxes paid	-9,460	-10,240
<b>Net cash from operating activities</b>	<b>51,214</b>	<b>22,599</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible assets	18	-184
Purchase of tangible assets (lands and building and other tangible assets)	169	-5,030
Other financial assets	-959	6,957
<b>Net cash used in investing activities</b>	<b>-772</b>	<b>1,743</b>
<b>Cash flows from financing activities</b>		
Reimbursement of borrowings	-24,800	-7,107
Proceeds from new borrowings	19,800	0
Interests paid	-472	-491
Interests received	20	68
Dividend received from investee	32	32
Dividend paid - interim dividend	-8,104	-6,747
Dividend paid - final dividend	-6,753	-13,485
Acquisition / sale of treasury shares	412	404
<b>Net cash used in financing activities</b>	<b>-19,864</b>	<b>-27,326</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>22,572</b>	<b>25,556</b>
<b>Cash and cash equivalents at end of period</b>	<b>53,150</b>	<b>22,572</b>

ANNEX 4: 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
<b>Balance as at January 1, 2015</b>	<b>8,342</b>	<b>70,165</b>	<b>-5,364</b>	<b>371</b>	<b>73,514</b>	<b>6</b>	<b>73,520</b>
Total comprehensive income for the period		23,493		446	23,939		23,939
Business combination					-		-
Share-based payments		527			527		527
Operations with treasury shares			404		404		404
Final dividend		-13,485			-13,485		-13,485
Interim dividend		-6,747			-6,747		-6,747
<b>Balance as at December 31, 2015</b>	<b>8,342</b>	<b>73,953</b>	<b>-4,960</b>	<b>817</b>	<b>78,151</b>	<b>6</b>	<b>78,157</b>

(EUR thousands)	Issued capital	Other reserves	Treasury shares	Currency translation differences	Equity attributable to shareholders of the parent company	Non-controlling interest	Total equity
<b>Balance as at January 1, 2016</b>	<b>8,342</b>	<b>73,953</b>	<b>-4,960</b>	<b>816</b>	<b>78,151</b>	<b>6</b>	<b>78,157</b>
Total comprehensive income for the period		32,954		224	33,178		33,178
Acquisition of non-controlling interests					-	-6	-6
Share-based payments		560			560		560
Operations with treasury shares			412		412		412
Final dividend		-6,753			-6,753		-6,753
Interim dividend		-8,104			-8,104		-8,104
<b>Balance as per December 31, 2016</b>	<b>8,342</b>	<b>92,611</b>	<b>-4,547</b>	<b>1,040</b>	<b>97,447</b>	<b>-</b>	<b>97,447</b>

## **ANNEX 5: NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

### **NOTE 5.1: BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**

The consolidated financial statements of EVS Group for the 12 month-period ended December 31, 2016, are established and presented in accordance with the International Financial Reporting Standards (IFRS), as adopted for use in the European Union. The accounting framework and standards adopted by the European Commission can be accessed through the following link on the website: [http://ec.europa.eu/finance/company-reporting/index\\_en.htm](http://ec.europa.eu/finance/company-reporting/index_en.htm).

### **NOTE 5.2: SIGNIFICANT ACCOUNTING POLICIES AND METHODS**

At the exception of the accounting treatment of the pension plans in force within the Company, the accounting policies and methods adopted for the preparation of the Company's IFRS consolidated financial statements are consistent with those applied in the 2015 consolidated financial statements. The Company's IFRS accounting policies and methods are available in the 2015 annual report on [www.evs.com](http://www.evs.com), and in the first half financial report.

Starting 2018, IFRS 15 Revenues from contracts will be applicable for the Company. Considering the needs to present comparative information, and the fact that IFRS 15 will require a retrospective – or a limited retrospective – application, the Company has started an analysis of its contracts with customers to identify whether the application of the new standard will impact the financial statements of the Company. At this stage, no significant differences with current practices have been identified and additional information will be provided in the annual report.

### **NOTE 5.3: SEGMENT REPORTING**

From an operational point of view, the company is vertically integrated with the majority of its staff located 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. Revenue 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, and is characterized by the strong integration of the activities of the company.

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. 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: "Outside broadcast vans", "Studio & others" and "Big sporting event rentals" for rental contracts relating to the big sporting events of the even years.

Finally, sales are presented by nature: systems and services.

#### **3.1. Information on revenue by destination**

Revenue can be presented by destination: Outside broadcast vans, Studio & others and Big sporting event rentals. Maintenance and after sale service are included in the complete solution proposed to the clients.

<b>4Q16</b>	<b>4Q15</b>	<b>% 4Q16/ 4Q15</b>	<b>Revenue (EUR thousands)</b>	<b>FY16</b>	<b>FY15</b>	<b>% FY16/ FY15</b>
13,536	21,030	-35.6%	Outside broadcast vans	67,366	63,717	+5.7%
13,463	21,842	-38.4%	Studio & others	51,318	52,853	-2.9%
42	-	-	Big sporting event rentals	12,133	1,941	N/A
<b>27,041</b>	<b>42,872</b>	<b>-36.9%</b>	<b>Total Revenue</b>	<b>130,817</b>	<b>118,511</b>	<b>+10.4%</b>

### 3.2. Information on revenue by geographical information

Activities are divided by three regions: Asia-Pacific (“APAC”), Europe, Middle East and Africa (“EMEA”), and “Americas”. Aside of them, we also identify the “big event rentals”.

#### 3.2.1. Revenue

Revenue for the quarter (EUR thousands)	APAC excl. events	EMEA excl. events	Americas excl. events	Big event rentals	TOTAL
4Q16 revenue	3,939	15,725	7,335	42	27,041
Evolution versus 4Q15 (%)	-57.3%	-31.6%	-31.3%	-	-36.9%
Variation versus 4Q15 (%) at constant currency	-57.3%	-31.6%	-32.3%	-	-37.2%
4Q15 revenue	9,227	22,975	10,670	-	42,872

12 months revenue (EUR thousands)	APAC excl. events	EMEA excl. events	Americas excl. events	Big event rentals	TOTAL
FY16 revenue	25,999	52,877	39,808	12,133	130,817
Evolution versus FY15 (%)	+1.6%	+6.2%	-3.3%	N/A	+10.4%
Variation versus FY15 (%) at constant currency	+1.6%	+6.2%	-3.5%	N/A	+10.3%
FY15 revenue	25,583	49,812	41,174	1,941	118,511

Revenue realized in Belgium (the country of origin of the company) with external clients represent less than 5% of the total revenue for the period. In the last 12 months, the group realized significant revenue with external clients (according to the definition of IFRS 8) in one country: the US (Americas, EUR 32.1 million in the last 12 months).

#### 3.2.2. Long term assets

Considering the explanations given in 5.3., all long term assets are located in the parent company EVS Broadcast Equipment SA in Belgium.

### 3.3. Information on revenue by nature

Revenue can be presented by nature: systems and services.

4Q16	4Q15	% 4Q16/ 4Q15	Revenue (EUR thousands)	FY16	FY15	% FY16/ FY15
24,085	40,184	-40.1%	Systems	119,759	109,674	+9.2%
2,956	2,688	+10.0%	Services	11,058	8,837	+25.1%
27,041	42,872	-36.9%	Total Revenue	130,817	118,511	+10.4%

Services include advices, installations, project management, training, maintenance, distant support which are recognized as revenue.

### 3.4. Information on important clients

Over the last 12 months, NEP Group represented 11.4% of EVS total revenue. No other external client of the company represents more than 10% of the revenue over the last 12 months.

### 3.5 Other income and assets held for sale

Following the sale of a building which was previously classified within “Assets held for the sale”, assets held for sale as at December 31, 2016 represent an amount of EUR 4.0 million and relates to buildings which were occupied by the Company before it moved its headquarters at its current location. Such buildings are classified among assets held for sale for more than twelve months but EVS remains committed to its plan to sell the buildings. Accordingly, these buildings are still classified as assets held for sale. As per information available at this stage, there is no indication of impairment for these buildings.

#### NOTE 5.4: EQUITY SECURITIES

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

	2016	2015
<b>Number of own shares at January 1</b>	<b>129,917</b>	<b>140,498</b>
Acquisition of own shares on the market	-	-
Shares temporarily held for third parties	-	1,900
Sale of own shares on the market	-	-1,900
Allocation to Employees Profit Sharing Plans	-10,806	-10,581
Revenue related to Employee Stock Option Plan (ESOP) and other transactions	-	-
<b>Number of own shares at December 31</b>	<b>119,111</b>	<b>129,917</b>
<b>Outstanding warrants at December 31</b>	<b>211,050</b>	<b>266,800</b>

In 2016, the company did not repurchase any share on the stock market. In 2015, 1,900 shares had been transferred from Delta Lloyd to EVS, as a result of the termination of the 2005 EVS stock split process. These 1,900 shares were sold in 4Q15 during the final step of the dematerialization process in Belgium. In 2016, no shares were used to satisfy the exercise of warrants by employees. The Ordinary General Meeting of shareholders of May 17, 2016 approved the allocation of 10,806 shares to EVS employees (grant of 37 shares to each staff member in proportion to their effective or assimilated time of occupation in 2015) as a reward for their contribution to the group successes. At the end of December 2016, the company owned 119,111 own shares at an average historical price of EUR 38.18. At the same date, 211,050 warrants were outstanding (no grant, no exercise and 53,750 cancellations in 2016) with an average strike price of EUR 41.16 and an average maturity of September 2018.

#### NOTE 5.5: DIVIDENDS

The Ordinary General Meeting of May 17, 2016 approved the payment of a total gross dividend of EUR 1.00 per share, including the interim dividend of EUR 0.50 per share paid in November 2015, leading to a final gross dividend of EUR 0.50 per share, for digital coupon # 22, ex-date May 24 and pay date May 26.

The Board of Directors of November 8, 2016 has decided to pay an interim gross dividend of EUR 0.60 per share (EUR 0.438 per share after 27% withholding tax) for the fiscal year 2016 with November 22 as ex-date, November 23 as record date and November 24 as payment date.

(EUR thousands)	# Coupon	2016	2015
- Final dividend for 2014 (EUR 1.00 per share less treasury shares)	20	-	13,495
- Interim dividend for 2015 (EUR 0.50 per share less treasury shares)	21	-	6,747
- Final dividend for 2015 (EUR 0.50 per share less treasury shares)	22	6,753	-
- Interim dividend for 2016 (EUR 0.60 per share less treasury shares)	23	8,104	-
<b>Total paid dividends</b>		<b>14,857</b>	<b>20,242</b>

#### NOTE 5.6: OTHER NET FINANCIAL INCOME / (EXPENSES)

(EUR thousands)	FY16	FY15
Exchange results from statutory accounts	-60	-502
Exchange results relating to IFRS consolidation methodology	-214	1,551
Other financial results	180	83
<b>Other net financial income / (expenses)</b>	<b>-94</b>	<b>1,132</b>

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 note 5.9.

**NOTE 5.7: INCOME TAX EXPENSE AND DEFERRED TAX ASSETS / LIABILITIES**

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)	FY16	FY15
<b>Reconciliation between the effective tax rate and the theoretical tax rate</b>		
Reported profit before taxes, share in the result of the enterp. accounted for using the equity method	45,821	33,361
Reported tax charge based on the effective tax rate	-13,101	-9,754
<b>Effective tax rate</b>	<b>28.6%</b>	<b>29.2%</b>
<b>Reconciliation items for the theoretical tax charge</b>		
Tax effect of deduction for notional interests	-236	-229
Tax effect of non-deductible expenditures	422	306
Tax effect due to the carry-over taxation for gains on building disposals	-	-215
Tax effect on R&D investment deductions	-1,418	-
Other increase / (decrease)	607	-316
Total tax charge of the group entities computed on the basis of the respective local nominal rates	-13,693	-10,208
<b>Theoretical tax rate</b>	<b>29.9%</b>	<b>30.6%</b>

**Deferred tax position of the Company**

The deferred tax position of the Company as at December 31, 2016 is a net deferred tax asset of EUR 4.1 million compared to a net deferred tax liability of EUR 1.7 million as at December 31, 2015. Deferred tax assets arise mainly from differences between IFRS and the Belgian fiscal treatment of R&D expenses, as the company takes advantage of the "DPI" mechanism in Belgium.

**NOTE 5.8: HEADCOUNT**

(in full time equivalents)	At December 31	Twelve-months average
2016	481	483
2015	485	489
<i>Variation</i>	-0.8%	-1.2%

**NOTE 5.9: 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
2016	1.1069	1.0789	1.0541
2015	1.1095	1.0953	1.0887
Variation	+0.2%	+1.5%	+3.3%

For FY16, the average US dollar exchange rate against the Euro increased by 0.2%. It had a slight positive impact on FY16 revenue of EUR 0.1 million, or 0.2%.

#### **NOTE 5.10: FINANCIAL INSTRUMENTS**

The estimated fair values of the financial assets and liabilities are equal to their fair book value in the balance sheet.

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 revenue forecasts, EVS hedges future USD net inflows by forward foreign exchange contracts. The change in the fair value of the forward foreign exchange contracts goes directly through the income statement (other financial results).

On December 31, 2016, the group holds USD 3.0 million in forward exchange contracts, with an average maturity date of May 2017, and an average exchange rate of EUR/USD of 1.1379.

#### **NOTE 5.11: FINANCIAL DEBT**

In order to partially finance its new HQ and operating facilities, EVS has drawn down a total of EUR 30 million loans. EVS already started to pay these loans down, and will gradually do so until 2020. In 2015 and 2016, EUR 5.2 million have been reimbursed. In 4Q16, EVS took advantage of the low interest rates to re-organize (with no change of the total amount and at no cost) and simplify some of its credit lines in relation with the financing of the new headquarter. As a result, it now has three credit lines of EUR 5.4 million with Belfius, ING and BNP Paribas Fortis, all maturing in 2020.

#### **NOTE 5.12: PENSION PLANS**

The employees of EVS Broadcast Equipment SA benefit from a group insurance. In this context, EVS makes a contribution for each employee to the insurance companies. EVS benefits from a minimum return guaranteed by the insurance companies which set up the plans, and this until December 31, 2016 (minimum return requirement of the contributions, as required by law).

Until the interim reporting as at September 30, 2016, the existing pension plans have been treated as "defined contribution" plans. However, in accordance with IAS 19R "Employee Benefits", a consensus emerged for the accounting treatment of "Belgian plans" and these plans must now be treated as "defined benefit" plans. In the financial statements as at December 31, 2016, the pension plans have been treated as "defined benefit" plans, in accordance with the "Projected Unit Credit Method" (for the 2016 financial statements), pursuant to IAS 19R "Employee Benefits". EVS has booked a EUR 0.1 million charge in the income statement. The liability resulting from this change of valuation of the position of the Company with respect to pension plan is reported within "Other long term provisions" in the statement of financial position.

#### **NOTE 5.13 SUBSEQUENT EVENTS**

On February 16, 2017, EVS announced the signature of a service agreement with HBS AG, relating to a major sporting event, for EUR 7 million of estimated revenue.

There was no other subsequent event that may have a material impact on the balance sheet or income statement of EVS.

#### **NOTE 5.14: RISK AND UNCERTAINTIES**

Investing in the stock of EVS involves risks and uncertainties. The risks and uncertainties relating to the remainder of the year 2017 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](http://www.evs.com)).

#### **NOTE 5.15: CONFLICTS 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**

Muriel De Lathouwer, Managing Director & CEO  
Yvan Absil, 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 2016, 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.