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Regulated information – Press release quarterly results
EVS Broadcast Equipment S.A.: Euronext Brussels (EVS.BR), Bloomberg (EVS BB), Reuters (EVSB.BR)

EVS REPORTS SECOND QUARTER 2017 RESULTS

> 2Q17 highlights

- Revenue of EUR 28.3 million, -24.6% compared to 2Q16 (excl. event rentals and at constant currency), and +26.3% compared to a weak 2Q15 (last uneven year)
- Opex increase by 5.5% compared to a low base in 2Q16 that included one-time elements
- EBIT margin of 28.0% (or 23.8% excluding *other income*)
- Net profit of EUR 5.5 million, EPS of EUR 0.41

> 1H17 highlights

- Revenue of EUR 52.8 million, -18.1% compared to 1H16 (excl. event rentals and at constant currency)
- Operating expenses under control (+2.9% compared with 1H16)
- EBIT margin of 24.3% (or 22.0% EBIT excluding *other income*)
- Net profit of EUR 9.1 million, EPS of EUR 0.67

> 2017 outlook

- Order book of EUR 37.4 million on August 25, 2017 (to be invoiced in 2017)
 - > -9.6% compared to 2016 (which included EUR 8.3 million big event rentals);
 - > +10.9% compared to 2016 excluding big event rentals
- Additional order book of EUR 22.4 million for 2018 and beyond, including EUR 9.0 million of big event rentals
- Revenue in 2017 is expected to be between EUR 115 million and EUR 125 million
- Opex are expected to grow moderately in 2017

KEY FIGURES

Unaudited			EUR millions, except earnings per share expressed in EUR	Reviewed		
2Q17	2Q16	2Q17/2Q16		1H17	1H16	1H17/1H16
28.3	39.8	-28.9%	Revenue	52.8	66.6	-20.8%
21.1	30.7	-31.5%	Gross margin	38.3	49.7	-22.9%
74.5%	77.3%	-	Gross margin %	72.5%	74.6%	-
7.9	17.4	-54.4%	Operating profit – EBIT	12.8	24.9	-48.5%
28.0%	43.7%	-	Operating margin – EBIT %	24.3%	37.4%	-
5.5	12.6	-56.1%	Net profit (Group share)	9.1	17.5	-47.9%
0.41	0.93	-55.9%	Basic earnings per share (Group share)	0.67	1.29	-48.0

COMMENTS

“As part of our strategy to extend our product portfolio around live production solutions, as illustrated by the recent launches of Dyvi or Xeebra, we will introduce new products at the IBC tradeshow in Amsterdam in a few weeks, which will demonstrate our innovation power in a changing industry”, said Muriel De Lathouwer, Managing Director and CEO of EVS.

Commenting on the results and prospects, Yvan Absil, CFO, said: “Our revenue of EUR 28.3 million represents a sequential improvement compared to the first quarter, and we expect this evolution to continue in the second half of the year. Thanks to a good product mix, our gross margin was again strong during this quarter. With operating expenses that remain under control, we posted a EBIT margin of 28.0%, and EPS amounted to EUR 0.41. The order book remains solid. For 2017, we now expect revenue to be between EUR 115 million and EUR 125 million, and opex to grow moderately compared to 2016.”

Revenue in the 2Q17 and 1H17

2Q17	2Q16	%2Q17/ 2Q16	Revenue – EUR millions	1H17	1H16	% 1H17/ 1H16
28.3	39.8	-28.9%	Total reported	52.8	66.6	-20.8%
28.0	39.8	-29.5%	Total at constant currency	52.4	66.6	-21.4%
27.0	35.9	-24.6%	Total at constant currency and excluding big event rentals	51.4	62.7	-18.1%

EVS revenue amounted to EUR 28.3 million in 2Q17, a 28.9% decrease (-24.6% at constant currency and excluding big event rentals) compared to 2Q16, or +21.3% compared to 2Q15 (last uneven year). Sales of solutions in Outside broadcast vans represented 58.6% of the total group sales. Studio & others sales represented 37.9% of total sales, and big events represented 3.5% in 2Q17.

In 1H17, EVS revenue reached EUR 52.8 million, a decrease by 20.8% (-18.1% at constant currency and excluding the big event rentals) compared to 1H16, or + 11.3% compared to 1H15 (last uneven year). In the first half of the year, Outside Broadcast vans represented 64.4%, Studio & others 33.7% and Big events rentals 1.9%.

Geographically, sales (excl. big event rentals) are distributed in 1H17 as follows:

- Europe, Middle-East and Africa (“EMEA”): EUR 23.3 million
- “Americas”: EUR 14.2 million
- Asia & Pacific (“APAC”): EUR 15.3 million

Second quarter 2017 results

Consolidated gross margin was 74.5% for 2Q17, compared to 77.3% in 2Q16 due to lower sales, partially offset by the positive impact of the product mix. Operating expenses increased by 5.5%, supporting the acceleration in developments in some areas. The Other income mainly relates to the reversal of a debt booked for the earn out portion of the acquisition of SVS at the end of 2014 (see note 5.11). This leads to a 2Q17 EBIT margin of 28.0% (23.8% excluding other income). Group net profit amounted to EUR 5.5 million in 2Q17, compared to EUR 12.6 million in 2Q16. Basic net profit per share amounted to EUR 0.41 in 2Q17, compared to EUR 0.93 in 2Q16.

First half 2017 results

Consolidated gross margin was 72.5% for 1H17, compared to 74.6% in 1H16 due to lower sales. Operating expenses grew by 2.9% yoy, and remain under control. The Other income mainly relates to the reversal of a debt booked for the earn out portion of the acquisition of SVS at the end of 2014 (see note 5.11). This leads to a 1H17 EBIT margin of 24.3% (22.0% excluding *other income*). Group net profit amounted to EUR 9.1 million in 1H17, compared to EUR 17.5 million in 1H16. Basic net profit per share amounted to EUR 0.67 in 1H17, compared to EUR 1.29 in 1H16.

Staff

At the end of June 2017, EVS employed 479 people (FTE), -0.4% compared to 481 at the end of 2016.

Balance sheet and cash flow statement

Total equity represented 68.0% of total balance sheet at the end of June 2017. Inventories amounted to EUR 14.9 million, including around EUR 3.0 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 17.2 million 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 amounted to EUR 1.7 million in 1H17, mainly due to lower sales and the timing of tax payments in 2017. On June 30, 2017, the group balance sheet showed EUR 41.7 million in cash and cash equivalents.

At the end of June 2017, there were 13,625,000 EVS outstanding shares, of which 105,771 were owned by the company. At the same date, 207,850 warrants were outstanding with an average strike price of EUR 41.15 and an average maturity in September 2018.

2017 outlook

The order book (to be invoiced in 2017) on August 25, 2017 amounts to EUR 37.4 million, which is -9.6% compared to EUR 41.4 million last year (+10.9% excl. the big event rentals: EUR 8.3 million in 2016 and EUR 0.7 million in 2017).

In addition to this order book to be invoiced in 2017, EVS already has EUR 22.4 million of orders (including EUR 9.0 million of big event rentals) to be invoiced in 2018 and beyond.

We continue to see more and more 4K related sales, as part of replacement cycles. The adoption of IP progresses as well. But new digital players and uncertainties generated by this changing environment push customers to stay cautious with their investments. With this in mind, we expect revenue to be in the EUR 115 million to EUR 125 million range for 2017, with no major big sporting event. We also forecast a moderate increase of our operating expenses to sustain our efforts in innovation and acceleration of new product developments.

Conference call

EVS will hold a conference call in English today at 2:30 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: 962707

Corporate Calendar:

September 15-19: IBC tradeshow (Amsterdam, NL)
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 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 20 offices in Europe, the Middle East, Asia and North America. Around 500 EVS professionals sell 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)	Annex	1H17 Reviewed	1H16 Reviewed	2Q17 Unaudited	2Q16 Unaudited
Revenue	5.3	52,791	66,638	28,258	39,771
Cost of sales		-14,497	-16,952	-7,199	-9,029
Gross profit		38,294	49,686	21,059	30,743
Gross margin %		72.5%	74.6%	74.5%	77.3%
Selling and administrative expenses		-13,683	-13,885	-7,593	-7,444
Research and development expenses		-12,217	-11,279	-6,014	-5,448
Other income		1,254	1,069	1,180	27
Other expenses		-238	-194	-165	-92
Stock based compensation and ESOP plan		-563	-463	-549	-413
Operating profit (EBIT)		12,846	24,935	7,918	17,373
Operating margin (EBIT) %		24.3%	37.4%	28.0%	43.7%
Interest revenue on loans and deposits		11	6	-4	2
Interest charges		-176	-273	-80	-141
Other net financial income / (expenses)	5.6	-487	-508	-428	146
Share in the result of the enterprise accounted for using the equity method		56	62	28	35
Profit before taxes (PBT)		12,250	24,222	7,433	17,415
Income taxes	5.7	-3,157	-6,756	-1,895	-4,812
Net profit		9,094	17,466	5,539	12,603
Attributable to :					
Non controlling interest		-	-	-	-
Equity holders of the parent company		9,094	17,466	5,539	12,603

	1H17 Reviewed	1H16 Reviewed	2Q17 Unaudited	2Q16 Unaudited
EARNINGS PER SHARE (in number of shares and in EUR)				
Weighted average number of subscribed shares for the period less treasury shares	13,509,290	13,497,695	13,512,654	13,500,308
Weighted average fully diluted number of shares	13,719,050	13,755,714	13,721,327	13,753,883
Basic earnings – share of the group	0.67	1.29	0.41	0.93
Fully diluted earnings – share of the group ⁽¹⁾	0.66	1.27	0.40	0.92

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(EUR thousands)	1H17 Reviewed	1H16 Reviewed	2Q17 Unaudited	2Q16 Unaudited
Net profit	9,094	17,466	5,539	12,603
Other comprehensive income of the period				
Currency translation differences	-508	-95	-508	135
Other increase/(decrease)	-480	-370	115	-90
Total of recyclable elements	-988	-465	-393	45
Total comprehensive income for the period	8,106	17,001	5,145	12,649
Attributable to :				
Non controlling interest	-	-	-	-
Group share	8,106	17,001	5,145	12,649

(1) Excluding 207,850 warrants that were not exercisable at the end of June 2017, fully diluted earnings per share in 1H17 would have been EUR 0.66.

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

ASSETS (EUR thousands)	Notes	June 30, 2017 Reviewed	Dec 31, 2016 Audited
Non-current assets :			
Goodwill		1,125	1,125
Other intangible assets		320	386
Lands and buildings	5.11	46,093	46,843
Other tangible assets		3,136	3,358
Investment accounted for using equity method		1,055	954
Other amounts receivables		1,980	2,216
Deferred tax assets		3,651	4,090
Financial assets		294	341
Total non-current assets		57,653	59,314
Current assets :			
Inventories		14,948	13,549
Trade receivables		19,356	24,882
Other amounts receivable, deferred charges and accrued income		3,855	3,364
Financial assets		1,448	2,003
Cash and cash equivalents		41,651	53,150
Total current assets		81,258	96,947
Non-current assets classified as held for sale	5.11	4,016	4,016
Total assets		142,927	160,276

EQUITY AND LIABILITIES (EUR thousands)	Notes	June 30, 2017 Reviewed	Dec 31, 2016 Audited
Equity :			
Capital			
Reserves		8,342	8,342
Interim dividends	5.5	-	-
Final dividend	5.5	-	-
Treasury shares		-4,038	-4,548
Total consolidated reserves		88,301	88,064
Translation differences		532	1,040
Equity, share of the group		97,176	97,446
Non-controlling interest		-	-
Total equity	4	97,176	97,446
Liabilities			
Provisions		1,225	1,120
Deferred taxes liabilities		-	-
Financial debts	5.11	11,925	14,550
Other debts	5.11	90	1,241
Non-current liabilities		13,239	16,911
Financial debts	5.11	5,250	5,250
Trade payables		4,298	3,722
Amounts payable regarding remuneration and social security		6,910	8,856
Income tax payable		8,026	17,067
Other amounts payable, advances received, accrued charges and deferred income		8,028	11,025
Current liabilities		32,512	45,919
Total equity and liabilities		142,927	160,276

ANNEX 3: CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Notes	1H17 Reviewed	1H16 Reviewed
Cash flows from operating activities		
Net profit, group share	9,094	17,465
Adjustment for:		
-Other comprehensive income and other income	-480	-465
- Depreciation and write-offs on fixed assets	1,772	1,613
- Stock based compensation and ESOP	4 563	463
- Provisions	104	297
- Income tax expenses	3,157	6,756
- Interests expense (+) / Income (-)	652	775
- Share of the result of entities accounted for under the equity method	-56	-62
Adjustment for changes in working capital items:		
-Inventories	-1,399	-770
-Trade receivables	5,525	1,814
-Other amounts receivable, deferred charges and accrued income	-176	-1,017
-Trade payables	576	-417
-Amounts payable regarding remuneration and social security	-1,932	-1,900
-Other amounts payable, advances received, accrued charges and deferred income	-3,670	2,171
<i>Cash generated from operations</i>	<i>13,731</i>	<i>26,723</i>
Income taxes paid	5.7 -12,012	-5,643
Net cash from operating activities	1,719	21,080
Cash flows from investing activities		
Purchase of intangible assets	-6	-115
Purchase of tangible assets (lands and building and other tangible assets)	-743	488
Other financial assets	253	-5
Net cash used in investing activities	-496	368
Cash flows from financing activities		
Reimbursement of borrowings	5.11 -2,625	-3,600
Proceeds from new borrowings	5.11 -	-
Interests paid	-663	-781
Interests received	11	-
Dividend received from investee	-	-
Dividend paid - interim dividend	-	-
Dividend paid - final dividend	-9,446	-6,753
Acquisition / sale of treasury shares	4,5.4 -	412
Net cash used in financing activities	-12,723	-10,722
Cash and cash equivalents at beginning of period	53,150	22,572
Cash and cash equivalents at end of period	41,651	33,287

ANNEX 4: CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

(EUR thousands)	Capital	Reserves	Treasury shares	Currency translation differences	Equity, share of the group	Non controlling interest	Total equity
Balance as per December 31, 2015	8,342	73,953	-4,960	816	78,151	6	78,157
Total comprehensive income for the period		17,096		-95	17,001		17,001
Business combination					-		-
Share-based payments		463	412		875		875
Operations with treasury shares					-		-
Interim dividend					-		-
Final dividend		-6,753			-6,753		-6,753
Balance as per June 30, 2016	8,342	84,759	-4,548	721	89,276	6	89,281

(EUR thousands)	Capital	Reserves	Treasury shares	Currency translation differences	Equity, share of the group	Non-controlling interest	Total equity
Balance as per December 31, 2016	8,342	92,610	-4,548	1,040	97,445	-	97,445
Total comprehensive income for the period		8,614		-508	8,106		8,106
Business combination					-		-
Share-based payments		563			563		563
Operations with treasury shares			509		509		509
Interim dividend							
Final dividend		-9,446			-9,446		-9,446
Balance as per June 30, 2017	8,342	92,340	-4,038	532	97,177	-	97,177

ANNEX 5: NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5.1: BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements of EVS Group for the 6 month-period ended June 30, 2017, 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.

NOTE 5.2: 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 2016 consolidated financial statements. The Company's IFRS accounting policies and methods are available in the 2016 annual report on www.evs.com, and in the first half financial report.

The new standards, interpretations and revisions that became mandatory on January 1, 2017 had no impact on the interim condensed financial statements as of June 30, 2017.

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.

2Q17	2Q16	% 2Q17/ 2Q16	Revenue (EUR thousands)	1H17	1H16	% 1H17/ 1H16
16,557	22,213	-25.5%	Outside broadcast vans	33,977	37,306	-8.9%
10,700	13,645	-21.6%	Studio & others	17,804	25,418	-30.0%
1,001	3,914	-74.4%	Big sporting event rentals	1,010	3,914	-74.2%
28,258	39,771	-28.9%	Total Revenue	52,791	66,638	-20.8%

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
2Q17 revenue	6,620	11,288	9,349	1,001	28,258
Evolution versus 2Q16 (%)	-14.1%	-16.4%	-36.2%	-74.4%	-28.9%
Variation versus 2Q16 (%) at constant currency	-14.1%	-16.4%	-37.7%	-74.4%	-29.5%
2Q16 revenue	7,711	13,500	14,647	3,914	39,771

YTD Revenue (EUR thousands)	APAC excl. events	EMEA excl. events	Americas excl. events	Big event rentals	TOTAL
1H17 revenue	15,266	22,305	14,210	1,010	52,791
Evolution versus 1H16 (%)	-1.1%	+1.1%	-43.7%	-74.2%	-20.8%
Variation versus 1H16 (%) at constant currency	-1.1%	+1.1%	-45.3%	-74.2%	-21.4%
1H16 revenue	15,441	22,060	25,223	3,914	66,638

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 22.2 million in the last 12 months) and Japan (APAC, EUR 13.5 million in the last 12 months).

3.2.2. Long term assets

Considering the explanations given in 5.3.1., 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.

2Q17	2Q16	% 2Q17/ 2Q16	Revenue (EUR thousands)	1H17	1H16	% 1H17/ 1H16
25,765	36,796	-30.0%	Systems	47,691	61,445	-22.4%
2,492	2,975	-16.2%	Services	5,100	5,194	-1.8%
28,258	39,771	-28.9%	Total Revenue	52,791	66,638	-20.8%

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

3.4. Information on important clients

Over the last 12 months, NEP Group represented 12% 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

Assets held for sale as at June 30, 2017 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:

	2017	2016
Number of own shares at January 1	119,111	129,917
Acquisition of own shares on the market	-	-
Sale of own shares on the market	-250	-
Allocation to Employees Profit Sharing Plans	-13,090	-10,806
Sales related to Employee Stock Option Plan (ESOP) and other transactions	-	-
Own shares cancellation	-	-
Number of own shares at June 30	105,771	119,111
Outstanding warrants at June 30	207,850	252,750

In 1H17, the company did not repurchase any share on the stock market. No shares were used to satisfy the exercise of warrants by employees. The Ordinary General Meeting of shareholders of May 16, 2017 approved the allocation of 13,090 shares to EVS employees (grant of 43 shares to each staff member in proportion to their effective or assimilated time of occupation in 2016) as a reward for their contribution to the group successes. At the end of June 2017, the company owned 105,771 own shares at an average historical price of EUR 38.18. At the same date, 207,850 warrants were outstanding (no grant, no exercise and 3,200 cancellation in 1H17) with an average strike price of EUR 41.15 and an average maturity of September 2018.

NOTE 5.5: DIVIDENDS

The Ordinary General Meeting of May 16, 2017 approved the payment of a total gross dividend of EUR 1.30 per share, including the interim dividend of EUR 0.60 per share paid in November 2016, leading to a final gross dividend of EUR 0.70 per share, for digital coupon # 24, ex-date May 22 and pay date May 24.

(EUR thousands)	# Coupon	2017	2016
- 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
- Final dividend for 2016 (EUR 0.70 per share less treasury shares)	24	9,446	-
Total paid dividends		9,446	14,857

NOTE 5.6: OTHER NET FINANCIAL INCOME / (EXPENSES)

(EUR thousands)	1H17	1H16
Exchange results from statutory accounts	227	-369
Exchange results relating to IFRS consolidation methodology	-691	-194
Other financial results	-23	55
Other net financial income / (expenses)	-487	-508

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 5.9.

NOTE 5.7: 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)	1H17	1H16
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	12,195	24,160
Reported tax charge based on the effective tax rate	-3,157	-6,756
Effective tax rate	25.9%	28.0%
Reconciliation items for the theoretical tax charge		
Tax effect of the reversal of a debt	-391	-
Tax effect of deduction for notional interests	-17	-79
Tax effect of non-deductible expenditures	182	153
Tax effect due to the carry-over taxation for gains on building disposals	-	-235
Tax effect on R&D investment deductions	-656	-722
Tax effect of overvaluations and undervaluations related to prior years	342	-
Other increase / (decrease)	129	174
Total tax charge of the group entities computed on the basis of the respective local nominal rates	-3,569	-7,465
Theoretical tax rate	29.3%	30.9%

NOTE 5.8: HEADCOUNT

(in full time equivalents)	At June 30	Six-months average
2017	479	479
2016	482	483
<i>Variation</i>	-0.6%	-0.8%

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 EUR/USD	Average 1H	Average 2Q	At June 30
2017	1.0830	1.1021	1.1412
2016	1.1159	1.1292	1.1102
Variation	+3.0%	+2.5%	-2.7%

For 2Q17, the average US dollar exchange rate against the Euro increased by 2.5%. It had a positive impact on 2Q17 revenue of EUR 0.2 million, or 0.6%.

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 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, 2017, the group held USD 8.0 million in hedging contracts, with an ultimate maturity date of May 2018, and an average exchange rate of EUR/USD of 1.1400.

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 2017, EUR 5.2 million will be reimbursed, of which EUR 2.6 million were paid in 1H17.

At the end of 2014, EVS acquired the remaining 75% of SVS it did not own for an amount of EUR 1.0 million paid in cash. There was also a possible future earn out based on the performance over the 2015-2020 period (EUR 1.2 million on the EVS balance sheet in other long-term debt). In 2017, in order to speed up the expansion of Dyvi, EVS appointed of a dedicated Product Manager for this product line and accelerated some functionality developments. The business plan was updated to take into account the past results of this entity and the future prospects. This resulted in the confirmation of the goodwill associated with the acquisition of SVS in 2014, but also highlighted that, despite the current dynamic momentum and the positive prospects of the product line, the thresholds associated with the possible earn out would not be reached by 2020. As a consequence, this long-term debt has been reversed, and a one-time gain has been recorded in the P&L in 2Q17.

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).

However, on December 18, 2015, the Belgian legislation has been updated and clarification was provided on the minimum guaranteed rate of return. Before December 31, 2015, the minimum guaranteed rate of return on employer and participant contributions were 3.25% and 3.75% respectively. From 2016 onwards, the rate decreased to 1.75% and is annually recalculated based on a risk free rate of 10-year government bonds. According to IAS19, Belgian-defined contribution plans that guarantee a specified return on contributions should be assimilated to defined benefit plans, as the employer is not responsible for the contribution payments, but has to cover the investment risk until the legal minimum rates applicable. The returns guaranteed by the insurance companies are in most cases lower than or equal to the minimum return guaranteed by law. As a result, the Group has not fully hedged its return risk through an insurance contract and a provision needs to be accounted for. The plans at EVS are financed through group insurance contracts. The contracts are benefiting from a contractual interest rate granted by the insurance company. When there is underfunding, this will be covered by the financing fund and in case this is insufficient, additional employer contributions will be requested.

This analysis will be done annually and recognized in the profit and loss account, if necessary. More information can be found in the note 6.4 of the 2016 annual report.

NOTE 5.13 SUBSEQUENT EVENTS

There was no 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).

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”).

Report of the statutory auditor on the accounting data presented in the semi-annual communiqué of EVS Broadcast Equipment SA

We have compared the accounting data presented in the semi-annual communiqué of EVS Broadcast Equipment SA with the interim condensed consolidated financial statements as at June, 30 2017, which show a balance sheet total of € 142.926.956 and net income (group share) for the period of € 9.093.572. We confirm that these accounting data do not show any significant discrepancies with the interim condensed consolidated financial statements.

We have issued a review report on these interim condensed consolidated financial statements, in which we declare that, based on our review, nothing has come to our attention that causes us to believe that these interim condensed consolidated financial statements are not prepared, in all material aspects, in accordance with IAS 34 Interim Financial Reporting, as adopted for use in the European Union.

Liège, August 30, 2017

Ernst & Young Réviseurs d'Entreprises SCCRL
Statutory auditor
represented by

Marie-Laure Moreau
Partner*
* Acting on behalf of a BVBA/SPRL

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 first six months 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.