

Publication on May 11, 2017, before market opening  
 Regulated information – Press release quarterly results  
 EVS Broadcast Equipment S.A.: Euronext Brussels (EVS.BR), Bloomberg (EVS BB), Reuters (EVS.BR)

## **EVS REPORTS FIRST QUARTER 2017 RESULTS**

### > **1Q17 highlights**

- Revenue of EUR 24.5 million, -9.3% compared to 1Q16 (excl. event rentals and at constant currency)
- Operating expenses under control (+0.2% compared to 1Q16)
- EBIT margin of 20.1% (compared to 24.3% EBIT margin excluding other income in 1Q16)
- Net profit of EUR 3.6 million, EPS of EUR 0.26

### > **Gross total dividend of EUR 1.30 (including EUR 0.60 interim dividend paid in November 2016) proposed at the Ordinary general meeting**

### > **Outlook**

- Order book of EUR 35.5 million on May 10, 2017 (to be invoiced in 2017)
  - > +33.1% vs last uneven year, excl. big event rentals
- Additional EUR 18.5 million orders to be invoiced in 2018 and beyond, including EUR 8.2 million of big events rentals
- Revenue are expected to be in the EUR 115 million to EUR 130 million range in 2017
- Opex are expected to grow moderately in 2017

## **KEY FIGURES**

EUR millions, except earnings per share (EUR)	Unaudited		
	1Q17	1Q16	1Q17/1Q16
Revenue	24.5	26.9	-8.7%
Gross margin	17.2	18.9	-9.0%
Gross margin %	70.3%	70.5%	-
Operating profit – EBIT	4.9	7.6	-34.8%
Operating margin – EBIT %	20.1%	28.1%	-
Net profit (Group share)	3.6	4.9	-26.9%
Basic earnings per share (Group share)	0.26	0.36	-26.9%

## **COMMENTS**

“We are satisfied with the start of the year, and we received very positive feedback at the recent NAB tradeshow in Las Vegas, regarding the EVS portfolio evolution with the transition into IP, the innovation shared with our customers, and our latest XT4K server” said Muriel De Lathouwer, CEO of EVS.

Commenting on the results and prospects, Yvan Absil, CFO, said: “Our first quarter results and order book reflect the usual start of uneven years. In addition, timing of product shipments and project delays also slightly impacted the end of the quarter. For 2017, we expect revenue to be in the range of EUR 115-130 million, and operating expenses to increase moderately compared to 2016. Lastly, on the 16<sup>th</sup> of May, the Board of Directors will propose a total gross dividend of EUR 1.30 per share to the Ordinary General Meeting, which represents 53.5% payout ratio and a yield superior of 3.5%.”

## Revenue in the first quarter of 2017

Revenue – EUR millions	1Q17	1Q16	% 1Q17 / 1Q16
Total reported	24.5	26.9	-8.7%
Total at constant currency	24.4	26.9	-9.3%
<b>Total at constant currency and excluding big event rentals</b>	<b>24.4</b>	<b>26.9</b>	<b>-9.3%</b>

EVS revenue amounted to EUR 24.5 million in 1Q17, a 8.7% decrease compared to 1Q16 (-9.3% at constant currency and excluding big event rentals). Revenue of solutions in Outside broadcast vans represented 71.0% of the total group revenue. Studio & others revenue represented 29.0% of total revenue in 1Q17.

Geographically, revenues (excl. big event rentals) are distributed in 1Q17 as follows:

- Europe, Middle-East and Africa (“EMEA”): EUR 11.0 million
- “Americas”: EUR 4.9 million
- Asia & Pacific (“APAC”): EUR 8.6 million

## First quarter 2017 results

Consolidated gross margin was 70.3% in 1Q17, compared to 70.5% in 1Q16 due to lower revenue, partially offset by the positive impact of the product mix. Operating expenses slightly increased by 0.2% vs 1Q16. This led to a 1Q17 EBIT margin of 20.1% in 1Q17 (1Q16 included EUR 1.0 million of other income, mainly due to a one-time capital gain on the disposal assets held for sale). Group net profit amounted to EUR 3.6 million in 1Q17, compared to EUR 4.9 million in 1Q16. Basic net profit per share amounted to EUR 0.26 in 1Q17 compared to EUR 0.36 in 1Q16.

## Staff

At the end of March 2017, EVS employed 480 people (FTE).

## Balance sheet and cash flow statement

Total equity represents 63.1% of total balance sheet at the end of March 2017. Inventories amount to EUR 14.2 million, and 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 18.9 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 3.4 million in 1Q17. On March 31, 2017, cash and cash equivalents total EUR 53.0 million.

At the end of March 2017, there were 13,625,000 EVS outstanding shares, of which 119,111 were owned by the company. At the same date, 209,700 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 May 10, 2017 amounts to EUR 35.5 million, which is -34.0% compared to EUR 53.8 million last year (or +33.1% compared to 2015, excl. big event rentals). In addition to this order book to be invoiced in 2017, EVS already has EUR 18.5 million of orders to be invoiced in 2018 and beyond.

While we see more and more 4K server sales, this continue to be part of the server replacement cycles. The adoption of IP is continuing to progress.

For 2017, there are no major big event planned. At this stage, our visibility on the top-line is, a usual, cautious. We expect revenue to be in the EUR 115 million to EUR 130 million range in 2017. We forecast a moderate increase of our operating expenses to sustain our efforts in innovation and new product developments.

**Ordinary General Meeting**

The Ordinary General Meeting is planned on Tuesday May 16, 2017 at EVS Headquarters. The invitation as well as all details are available on the company website: [www.evs.com](http://www.evs.com)

**Status of the control by the Statutory Auditors**

The Statutory Auditor Ernst & Young Réviseurs d'Entreprises SCCRL has not reviewed the quarterly financial statements as presented in this press release.

**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: 961877

**Corporate Calendar:**

May 16, 2017: Ordinary General Meeting  
May 22, 2017: final dividend – ex-date  
May 23, 2017: final dividend – record-date  
May 24, 2017: final dividend – pay-date  
August 31, 2017: 2Q17 results  
November 16, 2017: 3Q17 results

**For more information, please contact:**

Yvan ABSIL, CFO  
Geoffroy d'OULTREMONT, Vice President Investor Relations & Corporate Communication  
EVS Broadcast Equipment S.A., Liege Science Park, 13 rue du Bois Saint-Jean, B-4102 Seraing, Belgium  
Tel: +32 4 361 70 13. E-mail: [corpcom@evs.com](mailto:corpcom@evs.com); [www.evs.com](http://www.evs.com)

**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)

## Consolidated financial statements

### ANNEX 1: CONSOLIDATED INCOME STATEMENT

(EUR thousands)	Annex	1Q17 Unaudited	1Q16 Unaudited
Revenue	5.3	24,533	26,867
Cost of sales		-7,298	-7,923
<b>Gross profit</b>		<b>17,235</b>	<b>18,944</b>
<b>Gross margin %</b>		<b>70.3%</b>	<b>70.5%</b>
Selling and administrative expenses		-6,089	-6,441
Research and development expenses		-6,203	-5,831
Other income		74	1,042
Other expenses		-73	-102
Stock based compensation and ESOP plan		-15	-50
<b>Operating profit (EBIT)</b>		<b>4,929</b>	<b>7,562</b>
<b>Operating margin (EBIT) %</b>		<b>20.1%</b>	<b>28.1%</b>
Interest revenue on loans and deposits		15	4
Interest charges		-95	-132
Other net financial income / (expenses)	5.6	-59	-654
Share in the result of the enterprise accounted for using the equity method		28	27
<b>Profit before taxes (PBT)</b>		<b>4,817</b>	<b>6,807</b>
Income taxes	5.7	-1,262	-1,944
<b>Net profit</b>		<b>3,555</b>	<b>4,862</b>
Attributable to :			
Non controlling interest			-
<b>Equity holders of the parent company</b>		<b>3,555</b>	<b>4,862</b>
		<b>1Q17</b>	<b>1Q16</b>
<b>EARNINGS PER SHARE</b> <i>(in number of shares and in EUR)</i>		<b>Unaudited</b>	<b>Unaudited</b>
Weighted average number of subscribed shares for the period less treasury shares		13,505,889	13,495,083
Weighted average fully diluted number of shares		13,716,748	13,757,545
<b>Basic earnings – share of the group</b>		<b>0.26</b>	<b>0.36</b>
<b>Fully diluted earnings – share of the group</b> <sup>(1)</sup>		<b>0.26</b>	<b>0.35</b>

#### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(EUR thousands)	1Q17 Unaudited	1Q16 Unaudited
<b>Net profit</b>	<b>3,555</b>	<b>4,862</b>
<b>Other comprehensive income of the period</b>		
Currency translation differences	-103	-230
Other increase/ (decrease)	-491	-280
<b>Total comprehensive income for the period</b>	<b>2,961</b>	<b>4,352</b>
Attributable to :		
Non controlling interest	-	-
<b>Equity holders of the parent company</b>	<b>2,961</b>	<b>4,352</b>

(1) Excluding 209,700 warrants that were not exercisable at the end of March 2017, fully diluted earnings per share in 1Q17 would have been EUR 0.26.

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

<b>ASSETS (EUR thousands)</b>	<b>Notes</b>	<b>March 31, 2017 Unaudited</b>	<b>Dec 31, 2016 Audited</b>
<b>Non-current assets :</b>			
Goodwill		1,125	1,125
Other intangible assets		356	386
Lands and buildings		46,411	46,785
Other tangible assets		3,454	3,417
Investment accounted for using equity method		982	954
Other long term amounts receivables		1,980	2,216
Deferred tax assets		3,682	4,090
Other financial assets		334	341
<b>Total non-current assets</b>		<b>58,324</b>	<b>59,314</b>
<b>Current assets :</b>			
Inventories		14,242	13,549
Trade receivables		21,599	24,882
Other amounts receivable, deferred charges and accrued income		5,244	3,364
Other financial assets		2,587	2,003
Cash and cash equivalents		52,984	53,150
<b>Total current assets</b>		<b>96,655</b>	<b>97,023</b>
Assets classified as held for sale		4,016	4,016
<b>Total assets</b>		<b>158,995</b>	<b>160,276</b>
<b>EQUITY AND LIABILITIES (EUR thousands)</b>			
<b>Equity :</b>			
<b>Capital</b>			
Reserves		91,143	88,062
Treasury shares		-	-
<b>Total consolidated reserves</b>		<b>91,143</b>	<b>88,062</b>
Translation differences		890	1,040
<b>Equity attributable to equity holders of the parent company</b>		<b>100,376</b>	<b>97,445</b>
<b>Non-controlling interest</b>		-	-
<b>Total equity</b>	<b>4</b>	<b>100,376</b>	<b>97,445</b>
Long term provisions		1,120	1,120
Deferred taxes liabilities		-	-
Financial long term debts	5.11	13,613	14,550
Other long term debts		1,241	1,241
<b>Non-current liabilities</b>		<b>15,974</b>	<b>16,911</b>
Short term portion of financial debts	5.11	5,250	5,250
Trade payables		4,270	3,722
Amounts payable regarding remuneration and social security		8,676	8,856
Income tax payable		10,856	17,068
Other amounts payable, advances received, accrued charges and deferred income		13,592	11,025
<b>Current liabilities</b>		<b>42,645</b>	<b>45,997</b>
<b>Total equity and liabilities</b>		<b>158,995</b>	<b>160,276</b>

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

	Notes	1Q17 Unaudited	1Q16 Unaudited
<b>Cash flows from operating activities</b>			
<b>Net profit, group share</b>		<b>3,555</b>	<b>4,863</b>
<b>Adjustment for:</b>			
-Other comprehensive income and other income		-103	-510
- Depreciation and write-offs on fixed assets		886	815
- Stock based compensation and ESOP	4	15	50
- Provisions		0	-34
- Income tax expenses		1,262	1,944
-Interests expense (+) / Income (-)		140	782
-Share of the result of entities accounted for under the equity method		-28	-27
<b>Adjustment for changes in working capital items:</b>			
-Inventories		-714	-1,806
-Trade receivables		3,099	5,263
-Other amounts receivable, deferred charges and accrued income		-1,713	-1,372
-Trade payables		555	526
-Amounts payable regarding remuneration and social security		-148	-2,318
-Other amounts payable, advances received, accrued charges and deferred income		1,557	1,775
<i>Cash generated from operations</i>		<b>8,363</b>	<b>9,951</b>
Income taxes paid	5.7	-4,944	-1,944
<b>Net cash from operating activities</b>		<b>3,418</b>	<b>8,007</b>
<b>Cash flows from investing activities</b>			
Purchase of intangible assets		-6	-10
Purchase of tangible assets (lands and building and other tangible assets)		-517	1,155
Other financial assets		-1,984	-
<b>Net cash used in investing activities</b>		<b>-2,507</b>	<b>1,145</b>
<b>Cash flows from financing activities</b>			
Reimbursement of borrowings	5.11	-938	-2,350
Proceeds from new borrowings	5.11	-	-
Interests paid		-154	-132
Interests received		15	4
Dividend received from investee		-	-
Dividend paid - interim dividend		-	-
Dividend paid - final dividend		-	-
Acquisition / sale of treasury shares	4,5.4	-	-
<b>Net cash used in financing activities</b>		<b>-1,077</b>	<b>-2,478</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>53,150</b>	<b>22,572</b>
<b>Cash and cash equivalents at end of period</b>		<b>52,984</b>	<b>29,246</b>

**ANNEX 4: CONSOLIDATED STATEMENT OF CHANGE IN EQUITY**

(EUR thousands)	Capital	Reserves	Treasury shares	Currency translation differences	Equity, group share	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		4,582		-230	4,352		4,352
Business combination							
Share-based payments		50			50		50
Acquisition/sale of treasury shares							
Final dividend							
Interim dividend							
<b>Balance as at March 31, 2016</b>	<b>8,342</b>	<b>78,586</b>	<b>-4,960</b>	<b>586</b>	<b>82,555</b>	<b>6</b>	<b>82,561</b>

(EUR thousands)	Capital	Reserves	Treasury shares	Currency translation differences	Equity, group share	Non-controlling interest	Total equity
<b>Balance as at January 1, 2017</b>	<b>8,342</b>	<b>92,611</b>	<b>-4,547</b>	<b>1,040</b>	<b>97,447</b>		<b>97,447</b>
Total comprehensive income for the period		3,064		-150	2,914		2,914
Acquisition of non-controlling interests							
Share-based payments		15			15		15
Acquisition/sale of treasury shares							
Final dividend							
Interim dividend							
<b>Balance as per March 31, 2017</b>	<b>8,342</b>	<b>95,690</b>	<b>-4,547</b>	<b>890</b>	<b>100,377</b>		<b>100,376</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 3 month-period ended March 31, 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](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](http://www.evs.com).

## 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. All long term assets are located in the parent company EVS Broadcast Equipment SA in Belgium. 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 event rentals").

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.

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

## 5.3.1. 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.

Revenue (EUR thousands)	1Q17	1Q16	% 1Q17/1Q16
Outside broadcast vans	17,420	15,093	+15.4%
Studio & others	7,104	11,773	-39.7%
Big sporting event rentals	9	-	N/A
<b>Total Revenue</b>	<b>24,533</b>	<b>26,867</b>	<b>-8.7%</b>



### 5.3.2. 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”.

Revenue for the quarter (EUR thousands)	APAC excl. events	EMEA excl. events	Americas excl. events	Big event rentals	TOTAL
1Q17 revenue	8,646	11,018	4,861	9	24,533
Evolution versus 1Q16 (%)	+11.8%	+28.7%	-54.0%	N/A	-8.7%
Variation versus 1Q16 (%) at constant currency	+11.8%	+28.7%	-55.6%	N/A	-9.3%
<b>1Q16 revenue</b>	<b>7,730</b>	<b>8,560</b>	<b>10,577</b>	<b>-</b>	<b>26,867</b>

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 two countries: the United States (Americas, EUR 29.1 million in the last 12 months) and the United Kingdom (EMEA, EUR 13.0 million in the last 12 months).

### 5.3.3. Information on revenue by nature

Revenue can be presented by nature: systems and services.

Revenue (EUR thousands)	1Q17	1Q16	% 1Q17/ 1Q16
Systems	21,925	24,648	-11.0%
Services	2,608	2,219	+17.5%
<b>Total Revenue</b>	<b>24,533</b>	<b>26,867</b>	<b>-8.7%</b>

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

### 5.3.4. Information on important clients

Over the last 12 months, NEP Group represented 11.9% of EVS total revenue. No other external client of the company represents more than 10% of the revenue over the last 12 months.

### 5.3.5 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 March 31, 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
<b>Number of own shares at January 1</b>	<b>119,111</b>	<b>129,917</b>
Acquisition of own shares on the market	-	-
Shares temporarily held for third parties	-	-
Sale of own shares on the market	-	-
Allocation to Employees Profit Sharing Plans	-	-
Revenue related to Employee Stock Option Plan (ESOP) and other transactions	-	-
<b>Number of own shares at March 31</b>	<b>119,111</b>	<b>129,917</b>
<b>Outstanding warrants at March 31</b>	<b>209,700</b>	<b>255,250</b>

In 1Q17, the company did not repurchase any share on the stock market. No shares were used to satisfy the exercise of warrants by employees. At the end of March 2017, the company owned 119,111 own shares at an average historical price of EUR 38.18. At the same date, 209,700 warrants were outstanding (no grant, no exercise and 1,350 cancellations in 1Q17) with an average strike price of EUR 41.15 and an average maturity of September 2018.

## NOTE 5.5: DIVIDENDS

The Board of Directors has decided to propose a total gross dividend of EUR 1.30 per share at the May 16, 2017 Ordinary General Meeting, including an interim dividend of EUR 0.60 per share paid in November 2016. This leads 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	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)	1Q17	1Q16
Exchange results from statutory accounts	-52	-97
Exchange results relating to IFRS consolidation methodology	90	-586
Other financial results	-98	29
<b>Other net financial income / (expenses)</b>	<b>-59</b>	<b>-654</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)	1Q17	1Q16
<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	4,789	6,780
Reported tax charge based on the effective tax rate	-1,262	-1,944
<b>Effective tax rate</b>	<b>26.4%</b>	<b>28.7%</b>
<b>Reconciliation items for the theoretical tax charge</b>		
Tax effect of deduction for notional interests	-11	-40
Tax effect of non-deductible expenditures	101	76
Tax effect due to the carry-over taxation for gains on building disposals	-	-118
Tax effect on R&D investment deductions	-328	-
Tax effect of overvaluations and undervaluations related to prior years	342	-
Other increase / (decrease)	-95	30
Total tax charge of the group entities computed on the basis of the respective local nominal rates	-1,253	-1,995
<b>Theoretical tax rate</b>	<b>26.2%</b>	<b>29.4%</b>

#### **NOTE 5.8: HEADCOUNT**

<b>(in full time equivalents)</b>	<b>At March 31</b>	<b>Three-months average</b>
2017	480	478
2016	483	480
<i>Variation</i>	<i>-0.6%</i>	<i>-0.4%</i>

#### **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:

<b>Exchange rate USD / EUR</b>	<b>Average 1Q</b>	<b>At March 31</b>
2017	1.0648	1.0691
2016	1.1020	1.1385
<i>Variation</i>	<i>+3.5%</i>	<i>+6.5%</i>

For 1Q17, the average US dollar exchange rate against the Euro increased by 3.5%. It had a slight positive impact on 1Q17 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 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 March 31, 2017, 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 SUBSEQUENT EVENTS**

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

#### **NOTE 5.13: 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 5.14: 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.