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

EVS REPORTS 2017 RESULTS

> 4Q17 highlights

- Revenue of EUR 39.7 million, +49.0% compared to 4Q16 (excl. event rentals and at constant currency)
- Opex increase by 12.9% compared to a low 4Q16
- EBIT margin of 41.6%
- Net profit of EUR 11.0 million, EPS of EUR 0.82

> FY17 highlights

- Revenue of EUR 118.8 million, -1.3% compared to FY16 (excl. event rentals and at constant currency)
- Operating expenses under control (+3.6% compared with FY16)
- EBIT margin of 29.4%
- Net profit of EUR 23.9 million, EPS of EUR 1.77

> Total gross dividend of EUR 1.00 per share (final gross dividend of EUR 0.50)

> Outlook

- Order book of EUR 37.5 million on February 15, 2018 (to be invoiced in 2018), including EUR 10.6 million of big event rentals
 - > +3.3% compared to 2017 (-23.5% excl. big event rentals)
- Additional order book of EUR 4.7 million for 2019 and beyond
- As usual, it is too early for us to give a guidance on the revenue level given the volatility of the order book and the typical short lead-time of our business
- Opex are expected to grow in a moderated way due to investments in R&D for new product development, in addition to the structural salary increases in Belgium (±2%)

KEY FIGURES

Unaudited			EUR millions, except earnings per share expressed in EUR	Audited		
4Q17	4Q16	4Q17/4Q16		FY17	FY16	FY17/FY16
39.7	27.0	+47.0%	Revenue	118.8	130.8	-9.2%
30.8	19.1	+60.7%	Gross margin	87.6	97.2	-9.9%
77.4%	70.8%	-	Gross margin %	73.7%	74.3%	-
16.5	6.5	+154.9%	Operating profit – EBIT	34.9	46.2	-24.3%
41.6%	24.0%	-	Operating margin – EBIT %	29.4%	35.3%	-
11.0	4.9	+127.2%	Net profit (Group share)	23.9	32.8	-27.2%
0.82	0.36	+126.9%	Basic earnings per share (Group share)	1.77	2.43	-27.3%

COMMENTS

“In 2017, we clearly maintained our leadership in our core business, in a changing industry. Building upon our know how in live video production, we also introduced new products lines to enter in new markets or seize new opportunities”, said Muriel De Lathouwer, Managing Director and CEO of EVS. “In 2018, we will pursue our plans: execute and deliver what is in progress. And aside of that, we also continue to bring innovation on the market, with a particular focus on applications based on our pioneering work in artificial intelligence.”

Commenting on the results and prospects, Yvan Absil, CFO, said: “Our last quarter was again very strong with close to EUR 40 million revenue. This results in FY17 revenue of EUR 118.8 million. Taking into account a solid gross margin level and the 3.6% opex increase, we recorded an EBIT margin of 29.4%, and EPS amounted to EUR 1.77. For 2018, as usual, it is too early for us to give a guidance on the revenue level. We expect opex to grow moderately compared to 2017, on top of the structural salary increases in Belgium.”

Revenue in the 4Q17 and FY17

4Q17	4Q16	%4Q17/ 4Q16	Revenue – EUR millions	FY17	FY16	% FY17/ FY16
39.7	27.0	+47.0%	Total reported	118.8	130.8	-9.2%
40.8	27.0	+51.0%	Total at constant currency	119.5	130.8	-8.7%
40.2	27.0	+49.0%	Total at constant currency and excluding big event rentals	117.1	118.7	-1.3%

EVS revenue amounted to EUR 39.7 million in 4Q17, a 47.0% increase (+49.0% at constant currency and excluding big event rentals) compared to 4Q16. Revenue of solutions in Outside broadcast vans represented 51.7% of the total group revenue. Studio & others revenue represented 46.8% of total revenue, and big events represented 1.5% in 4Q17. Detailed overview and analysis of the main revenue disaggregation is presented in the interim consolidated financial statements Note 5.3.

In FY17, EVS revenue reached EUR 118.8 million, a decrease by 9.2% (-1.3% at constant currency and excluding the big event rentals) compared to FY16. In 2017, Outside Broadcast vans represented 57.7%, Studio & others 40.4% and Big events rentals 2.0%.

Geographically, revenue (excl. big event rentals) is distributed in FY17 as follows:

- Europe, Middle-East and Africa (“EMEA”): EUR 57.7 million
- “Americas”: EUR 32.8 million
- Asia & Pacific (“APAC”): EUR 28.3 million

Fourth quarter 2017 results

Consolidated gross margin was 77.4% for 4Q17, compared to 70.8% in 4Q16 due to higher revenue, more favorable product mix and the favorable impact of the USD exchange rate on raw material purchases. Operating expenses increased by 12.9% compared to 4Q16 due to the acceleration of developments in some areas, one-time costs in 4Q17 vs one-time favorable elements in 4Q16. This leads to a 4Q17 EBIT margin of 41.6%. Group net profit amounted to EUR 11.0 million in 4Q17, compared to EUR 4.9 million in 4Q16. Basic earnings per share amounted to EUR 0.82 in 4Q17, compared to EUR 0.36 in 4Q16.

Full year 2017 results

Consolidated gross margin was 73.7% for FY17, compared to 74.3% in FY16, mainly due to lower revenue. Operating expenses grew by 3.6% year-on-year, 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 FY17 EBIT margin of 29.4% (28.3% excluding *other income*). 2016 also included one-time elements in the “other revenue”, related to the sale of a former building. The EBIT margin excluding other revenue in 2016 amounted to 34.3%. Group net profit amounted to EUR 23.9 million in FY17, compared to EUR 32.8 million in FY16. Basic earnings per share amounted to EUR 1.77 in FY17, compared to EUR 2.43 in FY16.

Staff

At the end of December 2017, EVS employed 493 people (FTE), compared to 481 at the end of 2016. In 4Q17, the number of employees (FTE) increased by 11 people, reflecting the increased perimeter of our R&D teams with the new product range. This will continue in 1Q18 as the company intends to increase its employee headcount by another 20 people.

Balance sheet and cash flow statement

Total equity represented 68.9% of total balance sheet at the end of December 2017. Inventories amounted to EUR 15.7 million, including around EUR 3.0 million value of own equipment used for R&D and demos of EVS products. In the liabilities, provisions mainly include those recorded 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 14.6 million financial debt (including long term and short term portion), mainly relating to the new building. The company started to repay it in 2015 with installments of around EUR 5.2 million per year.

The net cash from operating activities amounted to EUR 9.9 million in FY17, mainly due to lower revenue and the timing of tax payments in 2017. On December 31, 2017, the group balance sheet showed EUR 39.4 million in cash and cash equivalents.

At the end of December 2017, there were 13,625,000 EVS outstanding shares, of which 105,771 were owned by the company. At the same date, 90,900 warrants were outstanding with an average strike price of EUR 45.90 and an average maturity in June 2019.

Final dividend

Given the 2017 results, the Board of Directors has decided to propose a total gross dividend of EUR 1.00 per share at the May 15, 2018 Ordinary General Meeting, including an interim dividend of EUR 0.50 per share paid in November 2017. This leads to a final gross dividend of EUR 0.50 per share, for digital coupon # 26.

2018 outlook

The order book (to be invoiced in 2018) on February 15, 2018 amounts to EUR 37.5 million (including EUR 10.6 million of big event rentals), which is +3.3% compared to EUR 36.3 million last year, but -23.5% excluding big event rentals. In addition to this order book to be invoiced in 2018, EVS already has EUR 4.7 million of orders to be invoiced in 2019 and beyond.

For 2018, as usual, it is too early for us to give a guidance on the revenue level given the volatility of the order book and the typical short lead-time of our business.

We expect opex to grow moderately compared to 2017, on top of the structural salary increases in Belgium.

Following the tax reforms in Belgium and the US, the management of the company expects (all other things staying equal) a decrease of the consolidated effective tax rate by approximately 2 percentage points, to be fine-tuned depending on the actual level of the revenue and the effective geographical mix.

Status of the control by the Statutory Auditors

The Statutory Auditor Ernst & Young Réviseurs d'Entreprises SCCRL confirmed that their audit work, which is substantially complete, 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 3:00 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 20 7192 8000 (United Kingdom), +32 2 400 98 74 (Belgium), +1 631 510 7495 (United States)
Conference call ID: 6978817

Corporate Calendar:

Tuesday May 15, 2018: Ordinary General Meeting
Thursday May 17, 2018: 1Q18 results
Thursday August 30, 2018: 2Q18 results
Thursday November 15, 2018: 3Q18 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)		FY17	FY16	4Q17	4Q16
	Annex	Audited	Audited	Unaudited	Unaudited
Revenue	5.3	118,784	130,817	39,739	27,041
Cost of sales		-31,207	-33,660	-8,974	-7,899
Gross profit		87,577	97,156	30,765	19,142
Gross margin %		73.7%	74.3%	77.4%	70.8%
Selling and administrative expenses		-28,085	-27,537	-7,763	-6,461
Research and development expenses		-25,008	-23,725	-6,557	-6,225
Other income		1,320	1,245	27	154
Other expenses		-269	-400	64	-72
Stock based compensation and ESOP plan		-589	-560	-10	-54
Operating profit (EBIT)		34,945	46,179	16,526	6,484
Operating margin (EBIT) %		29.4%	35.3%	41.6%	24.0%
Interest revenue on loans and deposits		57	20	19	15
Interest charges		-388	-472	-96	-112
Other net financial income / (expenses)	5.6	-1,194	94	-786	594
Share in the result of the enterprise accounted for using the equity method		124	111	31	28
Profit before taxes (PBT)		33,543	45,933	15,693	7,009
Income taxes	5.7	-9,645	-13,101	-4,655	-2,150
Net profit		23,898	32,832	11,038	4,859
Attributable to :					
Non controlling interest					
Equity holders of the parent company		23,898	32,832	11,038	4,859

	FY17	FY16	4Q17	4Q16
EARNINGS PER SHARE (in number of shares and in EUR)	Audited	Audited	Unaudited	Unaudited
Weighted average number of subscribed shares for the period less treasury shares	13,514,301	13,501,815	13,519,229	13,505,889
Weighted average diluted number of shares ⁽¹⁾	13,514,301	13,501,815	13,519,229	13,505,889
Basic earnings – share of the group	1.77	2.43	0.82	0.36
Fully diluted earnings – share of the group ⁽¹⁾	1.77	2.43	0.82	0.36

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(EUR thousands)	FY17	FY16	4Q17	4Q16
	Audited	Audited	Unaudited	Unaudited
Net profit	23,898	32,832	11,038	4,860
Other comprehensive income of the period, net of tax				
Currency translation differences	-450	224	276	348
Other increase/(decrease)	40	123	487	205
Total of recyclable elements	-410	347	763	553
Total comprehensive income for the period	23,488	33,179	11,801	5,413
Attributable to :				
Non controlling interest	-	-	-	-
Group share	23,488	33,179	11,801	5,413

(1) The diluted earnings per share are equal to the basic earnings per share as the 90,900 warrants outstanding at the end of December 2017 were not exercisable given the exercise prices were below the share price.

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

ASSETS (EUR thousands)	Notes	Dec. 31, 2017 Audited	Dec 31, 2016 Audited
Non-current assets :			
Goodwill		1,125	1,125
Other intangible assets		291	386
Lands and buildings	5.11	45,812	46,843
Other tangible assets		2,897	3,358
Investment accounted for using equity method		1,091	954
Other amounts receivables		1,759	2,216
Deferred tax assets		3,297	4,090
Other financial assets		273	341
Total non-current assets		56,546	59,314
Current assets :			
Inventories		15,667	13,549
Trade receivables		33,144	24,882
Other amounts receivable, deferred charges and accrued income		3,820	3,364
Financial assets		236	2,003
Cash and cash equivalents		39,423	53,150
Total current assets		92,291	96,947
Non-current assets classified as held for sale	5.11	4,016	4,016
Total assets		152,853	160,276

EQUITY AND LIABILITIES (EUR thousands)	Notes	Dec. 31, 2017 Audited	Dec 31, 2016 Audited
Equity :			
Capital		8,342	8,342
Reserves		100,452	92,611
Interim dividends	5.5	-	-
Final dividend	5.5	-	-
Treasury shares		-4,038	-4,548
Total consolidated reserves		96,414	88,064
Translation differences		590	1,040
Equity, share of the group		105,347	97,446
Non-controlling interest		-	-
Total equity	4	105,347	97,446
Provisions		1,212	1,120
Deferred taxes liabilities		-	-
Financial debts	5.11	9,300	14,550
Other debts	5.11	59	1,241
Non-current liabilities		10,572	16,911
Financial debts	5.11	5,250	5,250
Trade payables		5,870	3,722
Amounts payable regarding remuneration and social security		8,513	8,856
Income tax payable		8,851	17,067
Other amounts payable, advances received, accrued charges and deferred income		8,451	11,025
Current liabilities		36,935	45,919
Total equity and liabilities		152,853	160,276

ANNEX 3: CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	FY17 Audited	FY16 Audited
Cash flows from operating activities			
Net profit		23,898	32,832
Adjustment for:			
-Other adjustments		99	-593
- Depreciation and write-offs on fixed assets		3,517	3,290
- Stock based compensation and ESOP	4	589	560
- Provisions		92	-12
- Income tax expenses		9,645	13,101
- Interest expense (+) / Income (-)		274	358
- Share of the result of entities accounted for under the equity method		-124	-111
Adjustment for changes in working capital items:			
-Inventories		-2,118	2,019
-Trade receivables		-8,262	9,156
-Other amounts receivable, deferred charges and accrued income		-68	256
-Trade payables		2,149	-1,265
-Amounts payable regarding remuneration and social security		-353	-1,023
-Other amounts payable, advances received, accrued charges and deferred income		-2,065	-2,106
<i>Cash generated from operations</i>		<i>27,272</i>	<i>60,674</i>
Income taxes paid	5.7	-17,372	-9,460
Net cash from operating activities		9,900	51,214
Cash flows from investing activities			
Purchase of intangible assets		-297	18
Purchase of tangible assets (lands, building and other tangible assets)		-1,746	169
Disposal of tangible assets		79	-
Other financial assets		545	-959
Net cash used in investing activities		-1,419	-772
Cash flows from financing activities			
Reimbursement of borrowings	5.11	-5,250	-24,800
Proceeds from new borrowings	5.11	-	19,800
Interest paid		-388	-472
Interest received		57	20
Other financial expenses / income		58	-
Dividend received from investee		-	32
Dividend paid - interim dividend		-6,760	-8,104
Dividend paid - final dividend		-9,446	-6,753
Other allocation		-478	-
Acquisition / sale of treasury shares	4,5.4	-	412
Net cash used in financing activities		-22,208	-19,864
Cash and cash equivalents at beginning of period		53,150	22,572
Net increase/decrease in cash and cash equivalents		-13,727	30,578
Cash and cash equivalents at end of period		39,423	53,150

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 January 1, 2016	8,342	73,953	-4,960	816	78,151	6	78,157
Total comprehensive income for the period		32,954		224	33,179		33,179
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
Balance as per December 31, 2016	8,342	92,611	-4,547	1,040	97,446	-	97,446

(EUR thousands)	Capital	Reserves	Treasury shares	Currency translation differences	Equity, share of the group	Non-controlling interest	Total equity
Balance as per January 1, 2017	8,342	92,611	-4,547	1,040	97,446	-	97,446
Total comprehensive income for the period		23,938		-450	23,488		23,488
Share-based payments		589			589		589
Operations with treasury shares			509		509		509
Final dividend		-9,446			-9,446		-9,446
Interim dividend		-6,760			-6,760		-6,760
Other allocation		-478			-478		-478
Balance as per December 31, 2017	8,342	100,452	-4,038	590	105,347	-	105,347

ANNEX 5: NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5.1: BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The full year 2017 and 2016 information in this condensed financial statement on pages 4 to 7 of this financial report is based on EVS Group's consolidated financial statements of EVS Group for the 12 month-period ended December 31, 2017, which have not yet been published. This condensed interim financial statements of the Group were authorized for issue by the Board of Directors on February 20, 2018.

This interim report only provides an explanation of events and transactions that are significant to an understanding of the changes in financial position and reporting since the last annual reporting period, and should therefore be read in conjunction with the full 2017 consolidated financial statements from which these condensed financial statements have been derived and which are planned to be published on EVS Group's website by April 13, 2018.

These condensed interim financial statements have been prepared 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 condensed interim financial statements are presented in thousands of euros, the Group's presentation currency, except where stated otherwise.

The accounting policies applied in this report are consistent with those of the previous financial year except for the following new, amended or revised IFRS standards and IFRIC interpretations that have been adopted as of January 1, 2017:

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 , and in the first half financial report.

- Amendments to IAS 7 Statement of Cash Flows - Disclosure Initiative;
- Amendments to IAS 12 Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses;
- Annual Improvements Cycle - 2014-2016: Amendments to IFRS 12 Disclosure of Interests in Other Entities – Clarification of the scope of disclosure requirements in IFRS 12.

The adoption of these new, amended or revised pronouncements did not have a significant impact on the condensed financial statements of the Group.

EVS Group did not early adopt any new IASB pronouncements that were issued but not yet effective at the balance sheet date. We will report on the adoption process of these new pronouncements in our 2017 consolidated financial statements.

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.

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.

4Q17	4Q16	% 4Q17/ 4Q16	Revenue (EUR thousands)	FY17	FY16	% FY17/ FY16
20,552	13,536	+51.8%	Outside broadcast vans	68,482	67,366	+1.7%
18,591	13,463	+38.1%	Studio & others	47,976	51,318	-6.5%
596	42	N/A	Big sporting event rentals	2,326	12,133	-80.8%
39,739	27,041	+47.0%	Total Revenue	118,784	130,817	-9.2%

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”. Outside of them, we also identify the “big event rentals”.

5.3.2.1. Revenue

Revenue for the quarter (EUR thousands)	APAC excl. events	EMEA excl. events	Americas excl. events	Big event rentals	TOTAL
4Q17 revenue	6,705	20,300	12,138	596	39,739
Evolution versus 4Q16 (%)	+70.2%	+29.1%	+65.5%	N/A	+47.0%
Variation versus 4Q16 (%) at constant currency	+70.2%	+29.1%	+80.4%	N/A	+51.0%
4Q16 revenue	3,939	15,725	7,335	42	27,041

YTD Revenue (EUR thousands)	APAC excl. events	EMEA excl. events	Americas excl. events	Big event rentals	TOTAL
FY17 revenue	27,565	56,126	32,767	2,326	118,784
Evolution versus FY16 (%)	+6.0%	+6.1%	-17.7%	-80.8%	-9.2%
Variation versus FY16 (%) at constant currency	+6.0%	+6.1%	-16.0%	-80.8%	-8.7%
FY16 revenue	25,999	52,877	39,808	12,133	130,817

Revenue realized in Belgium (the country of origin of the company) with external clients represent less than 5% of the total revenue in the period. In the last 12 months, the Group realized significant revenue on external clients in relation to one country: the US (Americas, EUR 27.4 million in the last 12 months).

5.3.2.2. Long term assets

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

5.3.3. Information on revenue by nature

Revenue presented by nature: systems and services.

4Q17	4Q16	% 4Q17/ 4Q16	Revenue (EUR thousands)	FY17	FY16	% FY17/ FY16
36,574	24,085	+51.9%	Systems	107,884	119,759	-9.9%
3,165	2,956	+7.1%	Services	10,899	11,058	-1.4%
39,739	27,041	+47.0%	Total Revenue	118,784	130,817	-9.2%

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

5.3.4. Information on important clients

Over the last 12 months, no external client of the company represented more than 10% of the revenue over the last 12 months.

5.3.5 Other income and assets held for sale

Assets held for sale as at December 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. However, EVS remains committed to its plan to sell the buildings, which are located in the Liège Science Park whereas the real estate manager of the area imposes strict conditions on entity's which can install in the park. That is the main reason why the disposal was not yet completed. As per information available at this stage, there is no indication of impairment for these buildings. Accordingly, these buildings are still classified as assets held for sale.

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	-	-
Grant to Employees Profit Sharing Plans	-13,090	-10,806
Sales related to Employee Stock Option Plan (ESOP) and other transactions	-250	-
Number of own shares at December 31	105,771	119,111
Outstanding warrants at December 31	90,900	211,050

In 2017, the company did not repurchase any share on the stock market. 250 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 December 2017, the company owned 105,771 own shares at an average historical price of EUR 38.18. At the same date, 90,900 warrants were outstanding (no grant, 250 exercises and 119,900 cancellations in 2017) with an average strike price of EUR 45.90 and an average maturity of June 2019.

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.

The Board of Directors of November 14, 2017 has decided to pay an interim gross dividend of EUR 0.50 per share (EUR 0.35 per share after 30% withholding tax) for the fiscal year 2017 with November 28 as ex-date, November 29 as record date and November 30 as payment date.

(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	-
- Interim dividend for 2017 (EUR 0.50 per share less treasury shares)	25	6,760	-
Total paid dividends		16,206	14,857

NOTE 5.6: OTHER NET FINANCIAL INCOME / (EXPENSES)

(EUR thousands)	FY17	FY16
Exchange results from statutory accounts	373	60
Exchange results relating to IFRS consolidation methodology	-1,603	214
Other financial results	36	-180
Other net financial income / (expenses)	-1,194	94

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. The "exchange results relating to IFRS consolidation methodology" relates to the conversion, during the consolidation process, of foreign operations (entities with functional currency other than the EUR) into EUR. 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)	FY17	FY16
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	33,420	45,821
Reported tax charge based on the effective tax rate	-9,645	-13,101
Effective tax rate	28.9%	28.6%
Reconciliation items for the theoretical tax charge		
Tax effect of the reversal of a debt	-391	-
Tax effect of deduction for notional interest	-58	-236
Tax effect of non-deductible expenditures	351	422
Tax effect due to the carry-over taxation for gains on building disposals	-	-
Tax effect on R&D investment deductions	-1,359	-1,418
Tax effect of overvaluations and undervaluations related to prior years	342	-
Other increase / (decrease)	456	607
Total tax charge of the group entities computed on the basis of the respective local nominal rates	-10,304	-13,693
Theoretical tax rate	30.8%	29.9%

In 2017, "income tax paid" were EUR 17.4 million, much higher than the EUR 9.6 million paid in 2016. This is mainly explained by higher tax payments in 2017 relating to prior years (when prepayments were lower) and higher 2017 tax prepayments in Belgium.

NOTE 5.8: HEADCOUNT

(in full time equivalents)	At December 31	Twelve-months average
2017	493	481
2016	481	483
<i>Variation</i>	+2.5%	-0.4%

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 FY	Average 4Q	At December 31
2017	1.1296	1.1764	1.1993
2016	1.1069	1.0789	1.0541
<i>Variation</i>	-2.0%	-8.3%	-12.1%

For 4Q17, the average US dollar exchange rate against the Euro decreased by 8.3%. It had a negative impact on 4Q17 revenue of EUR 1.1 million, or 2.0%.

NOTE 5.10: FINANCIAL INSTRUMENTS

The estimated fair values of the financial assets and liabilities are equal to their 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 relevant hedging results are booked as financial results. On December 31, 2017, the group held USD 3.0 million in hedging contracts, with an average maturity date in April 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 have been reimbursed.

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 EUR 1.2 million long-term debt has been reversed, and a one-time gain has been recorded in the P&L (in "other income") 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 is 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 2018 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").

Aside of the remunerations paid to Directors, there were no related party transactions. The policies followed are consistent with the ones 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 2017, 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.