

# EVS Broadcast Equipment

## 2Q13 results

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[www.evs.com](http://www.evs.com)



**EVS**

## FORWARD LOOKING INFORMATION

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The statements made in this presentation that are not historical facts contain forward-looking information that involves risks and uncertainties. All statements, other than statements of historical fact, which address EVS Group's ("EVS", "dcinex" or the "Company") expectations, should be considered as forward-looking statements. Such statements made by EVS are based on knowledge of the environment in which it currently operates, but because of factors beyond its control, actual results may differ materially from the expectations expressed in the forward-looking statements. Important factors that may cause actual results to differ from anticipated results include, but are not limited to, financing risk, acquisition risk, changes in technology, and other risks as outlined in the filings with securities regulators and can also be found at [www.evs.com](http://www.evs.com).

## HIGHLIGHTS

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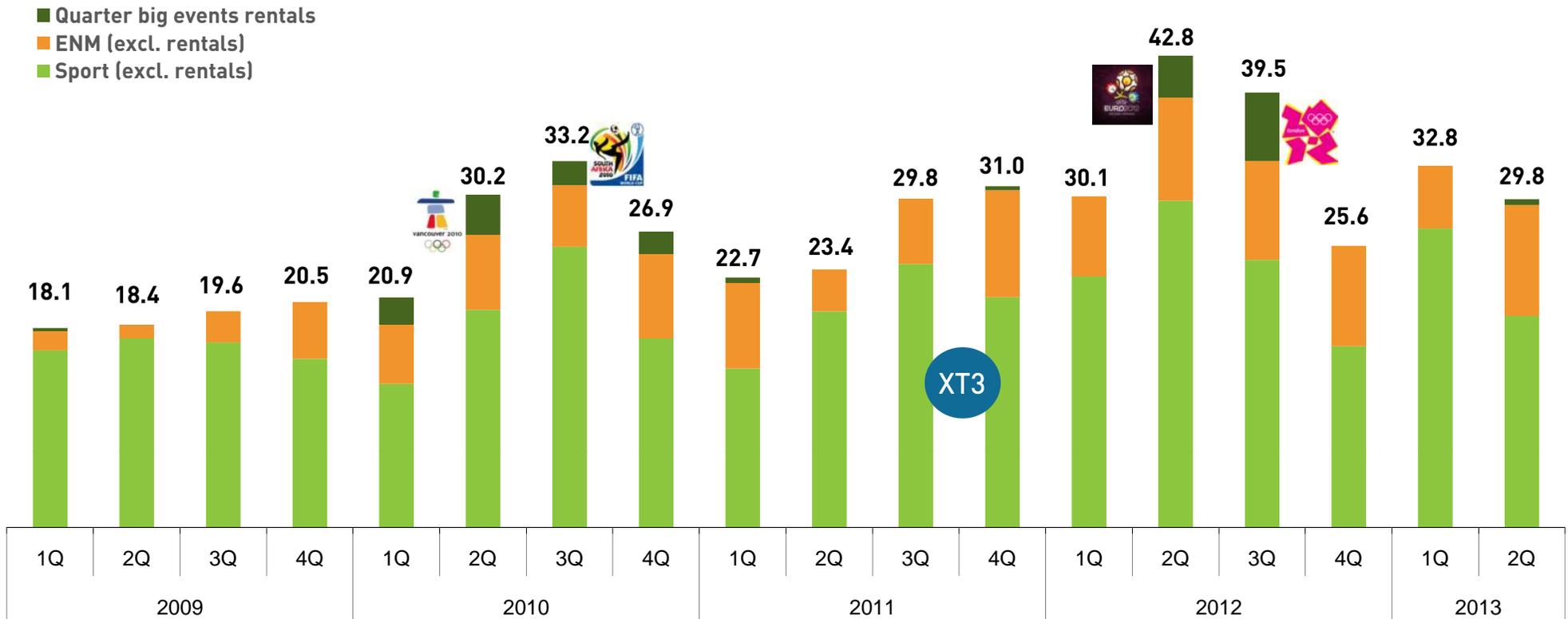
- ▶ As expected, 2Q13 slightly weaker than good 1Q13; weaker than record 2Q12
- ▶ Balanced regional performances: strong APAC compensates for weaker Americas
- ▶ Costs under control over 1H13
- ▶ Repositioning plan on track
- ▶ Investment in start-up developing promising technology
- ▶ Order book (2013): EUR 35.4 million
- ▶ Record orderbook for Y+1 (2014-2015) with EUR 19.6 million, incl. EUR 7 m for rentals
- ▶ Guidance: stable revenues compared to 2012, excl. big events rentals (assuming expected rebound in Americas), i.e. below EUR 130 million

## AGENDA

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- ▶ Financial update
- ▶ Business update
- ▶ 2013 outlook
- ▶ Corporate update

# QUARTERLY REVENUE SPLIT BY SEGMENTS



# GEOGRAPHICAL SPLIT

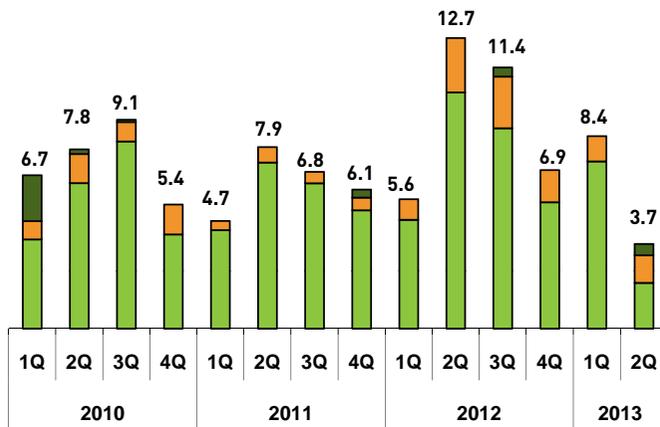
Strong 2Q13 performance in APAC compensates for weaker Americas

- Quarter big events rentals
- ENM
- Sports

%: 1H13 vs 1H12 variation, at constant exchange rate, excluding big events rentals

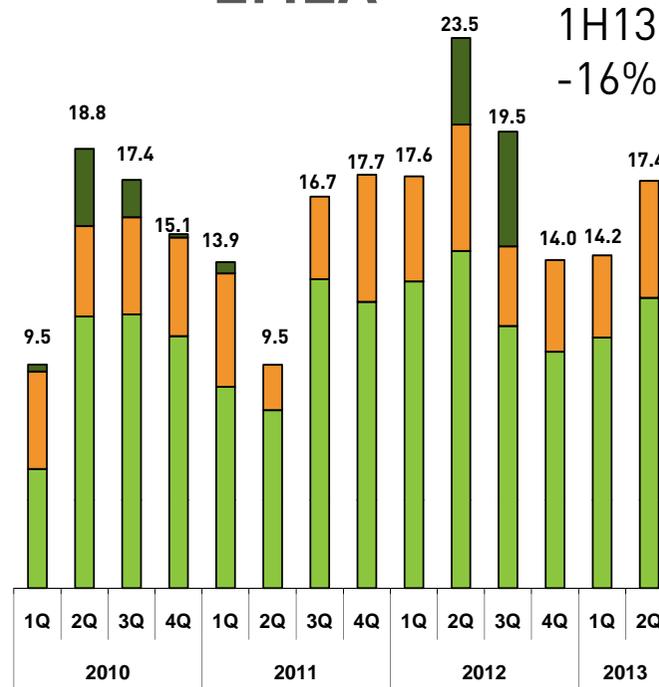
## Americas

1H13  
-36%



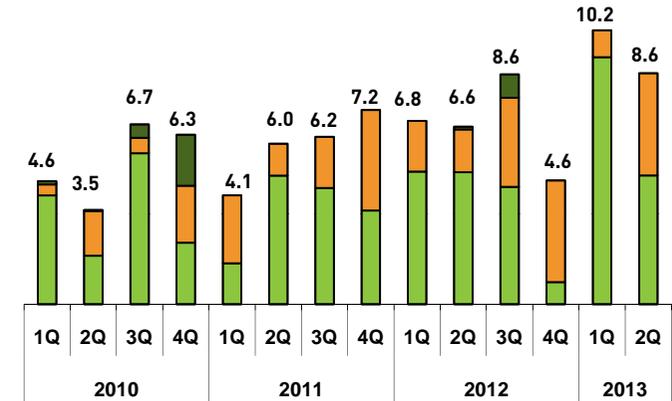
## EMEA

1H13  
-16%



## APAC

1H13  
+42%



## 2Q13: REVENUE DOWN BY 30.4%

Reported

In millions of EUR	2Q12	1Q13	2Q13
<b>REVENUE</b>	<b>42.8</b>	<b>32.8</b>	<b>29.8</b>
Cost of sales	(8.1)	(6.8)	(7.1)
Gross margin	34.8	26.0	22.7
Gross margin %	81.2%	79.2%	76.3%
S&A	(5.7)	(5.6)	(6.6)
R&D - gross	(5.5)	(6.0)	(6.0)
R&D - tax credit	0.4	0.2	0.4
<b>EBIT</b>	<b>23.2</b>	<b>14.5</b>	<b>9.7</b>
<b>EBIT MARGIN</b>	<b>54.2%</b>	<b>44.0%</b>	<b>32.4%</b>
Financial result	0.0	0.2	0.0
dcinex & mecalec at equity	0.0	(0.2)	0.2
Taxes	(7.3)	(4.5)	(3.1)
<b>NET PROFIT</b>	<b>15.9</b>	<b>10.0</b>	<b>6.9</b>
<b>NET PROFIT FROM OPS</b>	<b>16.7</b>	<b>10.4</b>	<b>7.7</b>
<b>BASICS EPS FROM OPS <sup>1)</sup></b>	<b>1.24</b>	<b>0.78</b>	<b>0.57</b>

Actual 2Q

**76.3%**  
Gross margin

**12.8%**  
Opex growth

**32.4%**  
EBIT margin

**EUR 0.57**  
EPS

1) Basic EPS is computed on the adjusted number of shares, i.e. less own shares

# 1H13: REVENUE DOWN BY 14.1%

Reported

In millions of EUR	1H12	1H13
<b>REVENUE</b>	<b>72.9</b>	<b>62.6</b>
Cost of sales	(14.8)	(13.9)
Gross margin	58.1	48.7
Gross margin %	79.7%	77.9%
S&A	(10.1)	(12.1)
R&D - gross	(10.9)	(12.0)
R&D - tax credit	0.6	0.6
<b>EBIT</b>	<b>36.8</b>	<b>24.1</b>
<b>EBIT MARGIN</b>	<b>50.4%</b>	<b>38.5%</b>
Financial result	(1.0)	0.2
dcinex & mecalec at equity	0.1	0.1
Taxes	(11.1)	(7.6)
<b>NET PROFIT</b>	<b>24.6</b>	<b>17.0</b>
<b>NET PROFIT FROM OPS</b>	<b>25.6</b>	<b>18.1</b>
<b>BASICS EPS FROM OPS <sup>1)</sup></b>	<b>1.91</b>	<b>1.34</b>

Actual 1H

**77.9%**  
Gross margin

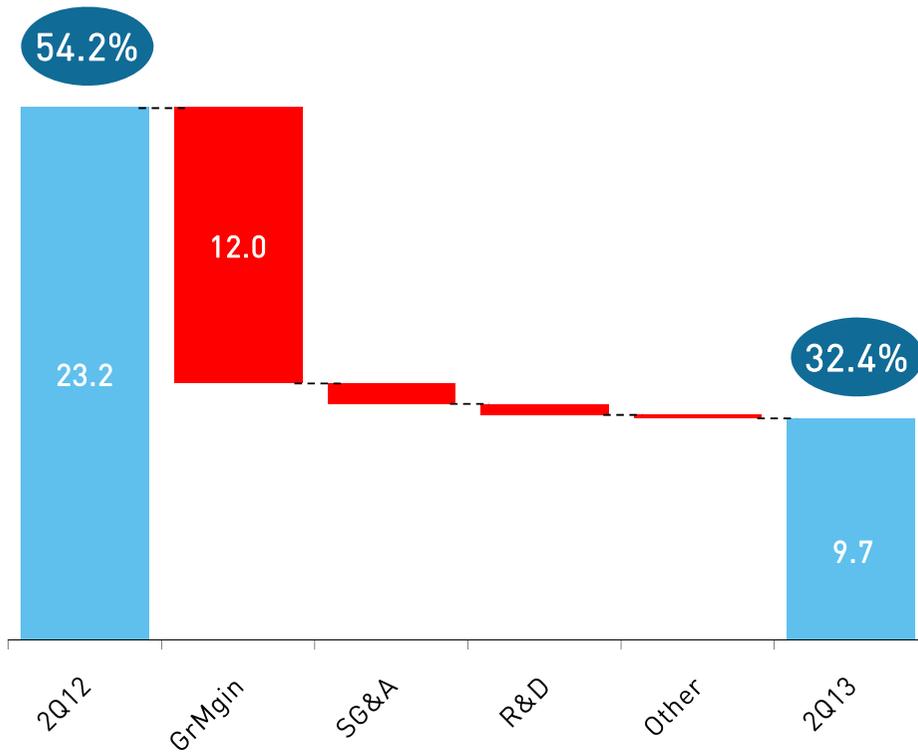
**15.8%**  
Opex growth

**38.5%**  
EBIT margin

**EUR 1.34**  
EPS

1) Basic EPS is computed on the adjusted number of shares, i.e. less own shares

## 2Q13 EBIT margin at 32.4%, or EUR 9.7 million

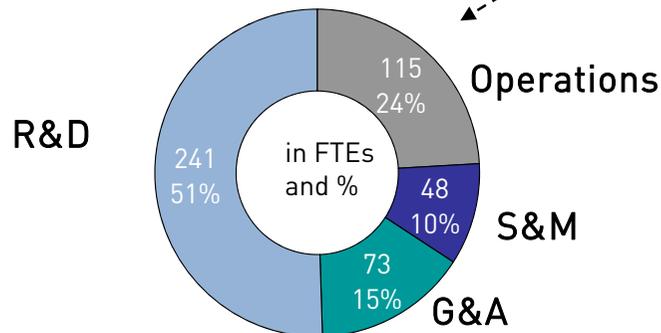
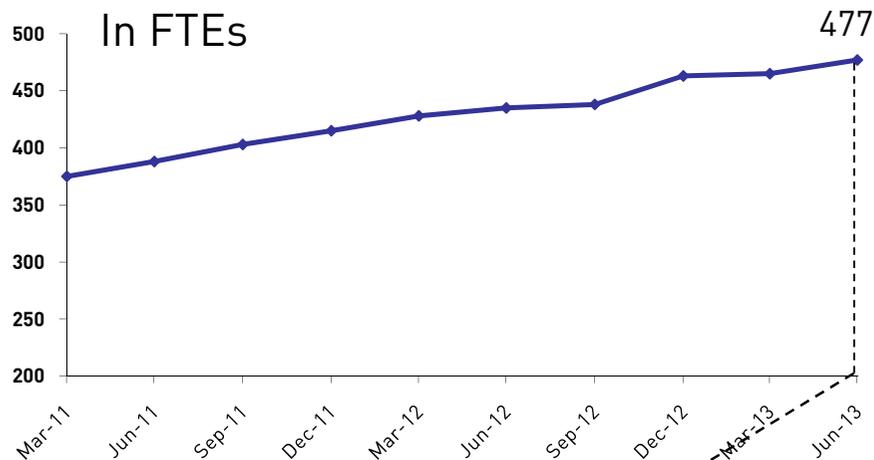


- ▶ Gross margin impact from sales deleverage
- ▶ SG&A and R&D up mainly because of additional headcounts in 2012
- ▶ Overall headcount under control in 1H

# STAFF GROWTH: + 14 PEOPLE IN 1H13 (incl. 10+ engineers in start-up)

51% in innovation (R&D)

## Headcount evolution at June 30, 2013



- ▶ Net +42 FTEs in 12 months (+9.7%), incl. 10+ engineers in start-up
- ▶ Still 30+ open positions, headcount should reach 500 by year-end
- ▶ Investment in
  - Innovation: 51% R&D
  - Expansion: 34% sales & ops
- ▶ Some planned, limited number of industry experts for new divisions

## STRONG BALANCE SHEET

EUR 10.7 million cash

In millions of EUR	Dec 2012	June 2013
<b>ASSETS</b>		
Goodwill and intangibles	1.6	2.7
Lands, buildings and other tangibles	21.1	31.0
dcinex and Mecalec at equity	8.5	9.7
Inventories	15.9	16.2
Receivables	21.1	19.8
Cash	21.4	10.7
Other assets	5.3	7.2
<b>Total assets</b>	<b>95.0</b>	<b>97.4</b>
<b>EQUITY AND LIABILITIES</b>		
Total equity	67.3	67.5
Non-current liabilities	3.6	2.6
Trade payables	6.6	6.7
Other current liabilities	17.2	20.6
<b>Total equity and liabilities</b>	<b>95.0</b>	<b>97.4</b>

**EUR 2.7 million**

Intangibles and Goodwill

**EUR 31.0 million**

Lands and buildings

**EUR 2.64 per share (gross)**

Yield of 5.6% (1Q13 share price)

**EUR 67.5 million total equity**

69% of balance sheet

## DCINEX CONTRIBUTION TO EVS GROUP

Slightly lower sales due to seasonal effect, high EBITDA margin



### 1H13 key financials

In thousands of EUR	1H12	1H13
<b>REVENUE</b>	<b>42,532</b>	<b>41,808</b>
EBITDA	9,979	14,066
EBITDA margin	23.5%	33.6%
Net result	101	97
<b>EVS share</b>	<b>41.3%</b>	<b>41.3%</b>
<b>Dcinex result, EVS share</b>	<b>42</b>	<b>40</b>

- ▶ #1 in Europe (35% mkt share)
- ▶ -1.7% sales in 1H13
- ▶ EBITDA margin of 33.6%
- ▶ Positive Free Cash Flow
- ▶ Geographical expansion

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# IBC Preview

EVS  
SPORTS

EVS  
ENTERTAINMENT

EVS  
NEWS

EVS  
MEDIA



- ▶ C-Cast Xplore – *new remote browsing interface based on C-Cast technology, delivering flexibility and productivity to live production*

- ▶ XT3, 4K version – *for live recording and replay of 4K offering extended zooming options*



- ▶ Nano Air – *playout controller for TV studios and on-stage entertainment*

- ▶ IPLink for Adobe – *plug-in for Adobe Premiere Pro*



- ▶ Xsquare – *new, central web platform for file ingest and third-party integration*

- ▶ XS SD/HD autosensing – *new add-on tool for the XS server enables automatic HD up-conversion during ingest*



- ▶ The MXF range – *Extended performance, 4K, MXF support for new standards, enhanced subtitling and closed caption management*

- ▶ MXF UniReader – *self-service PC to ,open and view any SMPTE standard MXF file on the EVS booth*

EVS

# Transformation plan on track

- ▶ 3 new divisions / 4 markets
- ▶ New Executive Committee
- ▶ Branding for better corporate awareness
- ▶ New SVP Operations for service strategy
- ▶ Acceleration of innovation after extra investment end 2012
- ▶ New CRM to improve visibility
- ▶ ...



In progress

# Investment in a new strategic technology start-up

## Initial EUR 1.5 million minority stake

- ▶ Promising future network-based technology
- ▶ Investment will allow EVS to have access to this new technology
- ▶ A dozen very experienced engineers
  
- ▶ First revenue expected in 2014
- ▶ Full consolidation:
  - Total operating expense in 2Q13: EUR 0.5 million, incl EUR 0.2 million transaction costs
  - Intangible assets of around EUR 1.3 million as of June 30, 2013

## KEY RECENT WIN

### Ashgabat Olympics Complex - Turkmenistan

#### Project

- 1.3 million m<sup>2</sup> olympic complex in Ashgabat
- First of three phases



#### EVS involvement

- XT3 and XS servers deployed at the arenas, the studios, the International Broadcast Cent and in the OB vans
- Other EVS equipment include multiple IPDirector for controlling and managing the media, Xedio suites for editing, Xfly portable storage platform, Xstore SAN for central storage, etc
- Delivery in 2H13 and 2014
- Contract value: EUR 3+ million

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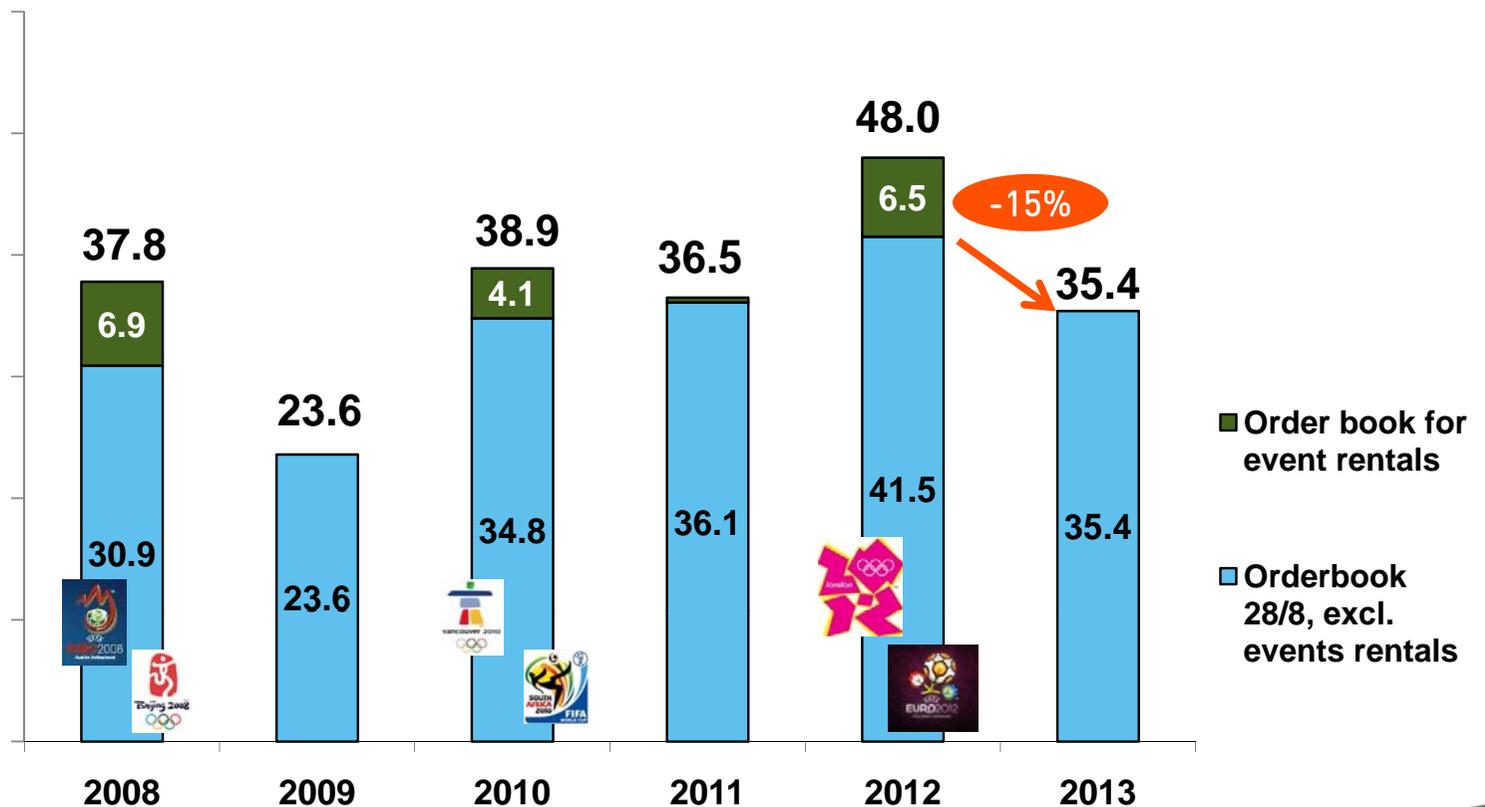
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# SUMMER ORDER BOOK AT AUGUST 28, 2013: EUR 35.4 million

-20% excl. big events rentals

- ▶ EUR 35.4 million at Aug 28 to be invoiced in 2013
- ▶ Good order diversity
- ▶ 34% of open order book 2013 is ENM
- ▶ + EUR19.6 million for 2014 and beyond,
  - ▶ incl. EUR 7.0 million for big events (Sochi 2014 and world cup)
  - ▶ +133% vs LY (8.4m)



## OUTLOOK 2013

- ▶ **Order book of EUR 35.4 million**
  - In line with last uneven year and -14.7% excl. the big event rentals
  - Signs of recovery from the Americas
  - Low visibility
  
- ▶ **2013 uneven and transforming year**
  - H2 should be slightly > H1 ; Secured sales 2013 so far: EUR 98 million
  - Excl. EUR 10m big events rentals and assuming an expected rebound in Americas, FY13 revenue to be around FY12, i.e. slightly below 130m
  - Opex increase by low double digit growth rate, incl new start-up, incl 500 FTE by year-end
  - As expected, lower EBIT% margins
  - New products and new features releases
  
- ▶ **Record next years' (2014-2015) order book : EUR 19.6 million vs 8.4 in 2012 !**
  - Incl EUR 7.0 million for big events rentals

Sports  
Leadership

ENM  
Challenger

Services  
Development

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## CORPORATE CALENDAR

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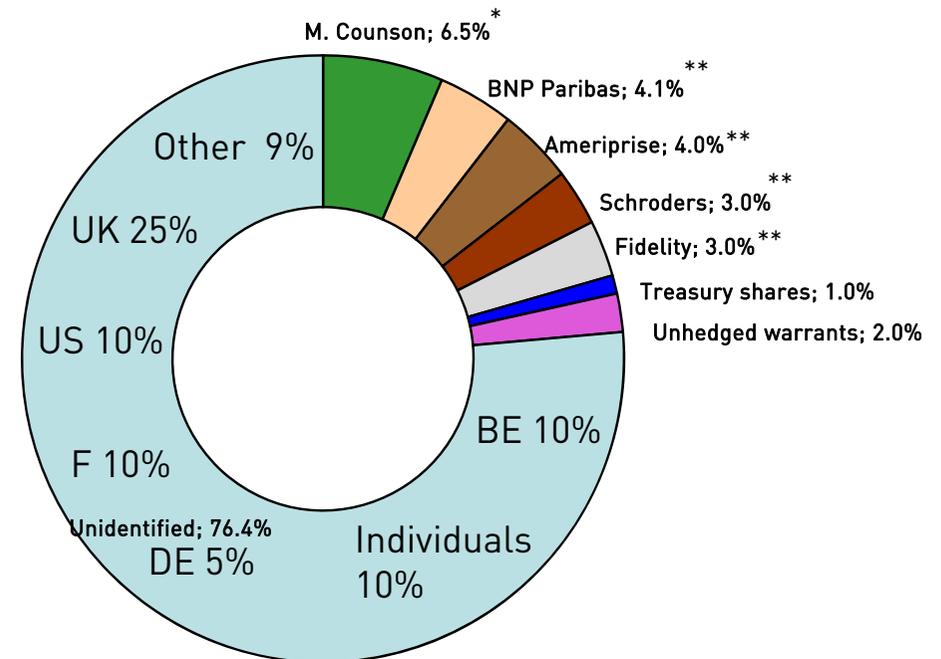
- ▶ September 13-17, 2013 IBC tradeshow in Amsterdam (NL)
- ▶ Tuesday September 24, 2013 postponed Extraordinary General Meeting
- ▶ Thursday November 14, 2013 3Q13 earnings
- ▶ Thursday February 20, 2014 4Q13 earnings
- ▶ Thursday May 15, 2014 1Q14 earnings

# EVS STOCK MARKET DATA

- Stock data (June 30, 2013):
  - Basis: 13,625,000 ordinary shares
  - Outstanding warrants : 411,400 @38.57
  - Treasury shares : 133,364 shares (no share buyback in 1H13)
  
- Market cap (August 23, 2013):
  - EUR 710 million (@ EUR 52)
  
- Liquidity (last 12 months):
  - Standard velocity: 78% (12 months)
  - Average daily volume:
    - 41,000 shares
    - EUR 2.0 million

Source: Fidessa, incl. block trading and transactions out of Euronext Brussels

## Shareholders (August 23, 2013)



\* Board member

\*\* According to shareholders notifications or updates on August 23, 2013

## CONCLUSIONS

## Transformation year

- ▶ 2Q13 in line with EVS expectations despite a weaker American market
- ▶ Global order book of EUR 35.4 million
- ▶ Current low visibility for 2013 without big sporting events
- ▶ FY13 revenue slightly below EUR 130 million and low double digit opex growth
- ▶ IBC2013

# OUR JOURNEY TO RIO2016

