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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 2015 RESULTS

### > 1H15 highlights

- Revenue of EUR 47.4 million, -28.0% excl. event rentals and at constant currency
- Performance in line with expectations in Americas and APAC, continued soft performance in EMEA with expected higher 2H15 in that region, as confirmed by the order book
- Operating expenses under control (-2.3% at constant currency compared with 1H14)
- EBIT margin of 15.6% due to low sales, net profit of EUR 5.5 million, EPS of EUR 0.41

### > 2Q15 highlights

- Revenue of EUR 23.3 million, -35.8% excl. event rentals and at constant currency
- Decision to transfer the Chengdu development activities to the new headquarter in Liège and close the Chengdu development center
- EBIT of EUR 1.9 million (8.2% EBIT margin) due to high proportion of fix costs, net profit of EUR 0.7 million

### > 2015 outlook

- Order book of EUR 36.8 million on August 25, 2015
  - > +10.2% vs. 2014 excl. big event rentals
  - > In addition, EUR 5.4 million order book for 2016 and beyond
- Confirmation of 2015 guidance:
  - > 2015 revenue likely to be in the range of EUR 100-115 million
  - > Opex is expected to grow at high single digit vs 2014

## KEY FIGURES

Unaudited			EUR millions, except earnings per share expressed in EUR	Reviewed		
2Q15	2Q14	2Q15/2Q14		1H15	1H14	1H15/1H14
23.3	35.6	-34.5%	Revenue	47.4	64.9	-26.9%
15.5	26.7	-41.7%	Gross margin	32.8	48.6	-32.6%
66.7%	75.0%	-	Gross margin %	69.1%	74.9%	-
1.9	12.9	-85.2%	Operating profit – EBIT	7.4	22.9	-67.7%
8.2%	36.2%	-	Operating margin – EBIT %	15.6%	35.3%	-
0.7	8.9	-92.5%	Net profit (Group share)	5.5	16.0	-65.8%
0.05	0.66	-92.5%	Basic earnings per share (Group share)	0.41	1.19	-65.9%

## COMMENTS

“Despite the continued challenging market conditions in the broadcast industry, we maintained our strong market position and our order book and the end of August suggests a better second half”, said Muriel De Lathouwer, Managing Director & CEO of EVS. “The industry is clearly going through a period of uncertainty with different technology changes (such as UHD or IP-based technologies), and our role is to bring innovative and pragmatic solutions to help our customers going through these transitions with confidence in the sustainability of their investment. In parallel, we continue to see progress in our initiatives to better structure the company and control our cost. The transfer of developments made in Chengdu to the new headquarter in Liège will help us to further improve our R&D efficiency.”

Commenting on the results and prospects, she added: “1H15 has been globally influenced by the market conditions and the currency movements, partially offset by the increased control on our costs. The order book is at EUR 36.8 million (+10.2% vs 2014, excl. big event rentals), which allows us to confirm our 2015 revenue guidance, which is likely to be in the range of EUR 100-115 million. Opex were stable in 1H15 compared to 1H14 (-2.3% at constant currency). However, we keep the guidance for high single digit operating expenses growth in 2015 vs 2014, mainly due to the currency effects and the new building depreciation. Finally, the recruitment of a new CFO is going on, and we plan to close it before the end of the year.”

## Revenue in 2Q15 and 1H15

2Q15	2Q14	%2Q15/ 2Q14	Revenue – EUR millions	1H15	1H14	% 1H15/ 1H14
23.3	35.6	-34.5%	Total reported	47.4	64.9	-26.9%
21.8	35.6	-38.7%	Total at constant currency	43.6	64.9	-32.9%
20.2	31.5	-35.8%	<b>Total at constant currency and excluding big event rentals</b>	41.9	58.3	<b>-28.0%</b>

EVS revenue amounted to **EUR 23.3 million in 2Q15**, a decrease of 34.5% (-35.8% at constant currency and excluding the big event rentals) compared to 2Q14. Sales of solutions in **Outside Broadcast vans** decreased by 31.8% (-37.6% at constant currency) to EUR 12.9 million, representing 55.5% of total group sales in 2Q15. Sales in **Studio & others** decreased by 30.8% in 2Q15 to EUR 8.6 million (-32.9% at constant currency), representing 37.1% of total sales in 2Q15. **Big events rentals** amounted to EUR 1.7 million in 2Q15 compared to EUR 4.1 million in 2Q14, representing 7.4% of 2Q15 total revenue.

In 1H15, EVS revenue reached **EUR 47.4 million**, a decrease by 26.9% (-28.0% at constant currency and excluding the big event rentals) compared to 1H14. In the first half of the year, Outside Broadcast vans represented 63.1%, Studio & others 33.3% and Big events rentals 3.6%.

Geographically, sales (excl. big event rentals) have evolved in 1H15 as follows:

- Europe, Middle-East and Africa (“**EMEA**”): EUR 13.6 million (-56.1% compared to 1H14, at constant currency). 2H15 is expected to be stronger, as confirmed by our current order book in EMEA.
- “**Americas**”: EUR 20.2 million (-1.9% compared to 1H14, at constant currency)
- Asia & Pacific (“**APAC**”): EUR 11.9 million (+13.1% at constant currency).

## Operating results in 2Q15

**Consolidated gross margin was 66.7% for 2Q15**, compared to 75.0% in 2Q14 mainly due to the leverage effect of lower sales on the fixed costs. Operating expenses increased slightly (+2.0%) vs. 2Q14, mainly due to the negative currency effect and some one-time costs relating to the closing of the Chengdu development centre, partially offset by lower general expenses. This leads to a **2Q15 EBIT margin of 8.2%**, compared to 36.2% in 2Q14. Group net profit amounted to EUR 0.7 million in 2Q15, compared to EUR 8.9 million in 2Q14.

## Operating results in 1H15

**Consolidated gross margin was 69.1% for 1H15**, compared to 74.9% in 1H14, mainly due to the leverage effect of lower sales on the fixed costs. Operating expenses grew by 1.3% compared to 1H14, mainly due to the negative currency effect and some one-time costs relating to the closing of the Chengdu development centre, partially offset by lower general expenses. This leads to a **1H15 EBIT margin of 15.6%**, compared to 35.3% last year. The financial result includes EUR 1.4 million (see also note 5.9) positive impact of the strong exchange rate fluctuations between December 2014 and June 2015 on the consolidation of the various EVS subsidiaries. Group net profit amounted to EUR 5.5 million in 1H15, compared to EUR 16.0 million in 1H14. **Basic net profit per share amounted to EUR 0.41 in 1H15**, compared to EUR 1.19 for 1H14.

## Staff

At the end of June 2015, EVS employed 471 people (FTE), -6.4% compared to June 2014 (503). On average, EVS employed 485 FTE in 2Q15, compared to 500 in 2Q14, a 3.0% decrease.

Most of the staff decrease is due to the closing of the EVS development center in Chengdu, China. Ongoing developments made in China have been transferred in new headquarter in Liège (with some additional recruitments expected). This decision should help EVS to further improve the consistency and efficiency of its R&D activities, and is part of an effort to simplify the structures of the group. While there were some one-time costs related to the closing, the transfer is not expected to have any impact on future operating expenses or product roadmap.

## Balance sheet and cash flow statement

Total equity represented 52.6% of total balance sheet at the end of June 2015. Inventories amounted to EUR 16.1 million, including around EUR 4.0 million value of own equipment used for R&D and demos of EVS products. Among liabilities, provisions include mainly the provision for technical warranty on EVS products (labor and parts).

Lands and building mainly include the new headquarters in Liège. Depreciation on the building started in 2Q15. At the end of June 2015, EUR 55.0 million have been invested (less EUR 5.6 million of subsidies booked at the same date), on a total EUR 58.5 million budget. A total of EUR 30.0 million has been drawn on available loan facilities to finance it, but the company already started to repay a part of it.

The net cash from operating activities amounted to EUR 7.9 million in 1H15. On June 30, 2015, the group balance sheet showed **EUR 19.1 million in cash and cash equivalents** (after the payment of EUR 13.5 million dividend at the end of May), and EUR 27.7 million in financial long-term debts (including the short term portion).

At the end of June 2015, there were 13,625,000 EVS outstanding shares, of which 129,917 were owned by the company. At the same date, 358,650 warrants were outstanding with an average strike price of EUR 39.70 and an average maturity in December 2016.

## **Outlook 2015**

The **order book** (to be invoiced in 2015) on August 25, 2015 amounts to **EUR 36.8 million**, +10.2% excl. the big event rentals (EUR 7.7 million last year and EUR 0.2 million this year) compared to last year at the same date. In addition to this order book to be invoiced in 2015, EVS already has EUR 5.4 million of orders to be invoiced in 2016 and beyond.

The slowdown witnessed in the broadcast industry persists due to the various technology transitions creating uncertainty on the customer side, longer investment and sale cycles and macro-economic headwinds. The EVS management confirms it expects revenue in 2015 to be in the range of EUR 100-115 million. 2015 is an uneven year which, as usual, will only include a limited amount of rentals for big sporting events (compared to a record EUR 14.3 million in 2014). Management continues to expect high single digit opex growth in 2015, mainly due to currency effects and the new building and, despite stricter cost control in 2015.

## **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 (0)20 7162 0077 (United Kingdom), +32 (0)2 290 14 07 (Belgium), +1 334 323 6201 (United States)  
Conference call ID: 954598

## **Corporate Calendar**

September 11-15, 2015: IBC tradeshow (Amsterdam)  
Friday November 13, 2015: 3Q15 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](http://www.evs.com).

## Condensed consolidated financial statements

### ANNEX 1: CONDENSED CONSOLIDATED INCOME STATEMENT

(EUR thousands)	Notes	1H15 Reviewed	1H14 Reviewed	2Q15 Unaudited	2Q14 Unaudited
Revenue	5.4	47,427	64,916	23,305	35,574
Cost of sales		-14,654	-16,274	-7,765	-8,903
<b>Gross profit</b>		<b>32,773</b>	<b>48,641</b>	<b>15,540</b>	<b>26,671</b>
<b>Gross margin %</b>		<b>69.1%</b>	<b>74.9%</b>	<b>66.7%</b>	<b>75.0%</b>
Selling and administrative expenses		-12,891	-12,156	-7,126	-6,769
Research and development expenses	5.8	-12,135	-12,541	-6,161	-6,254
Other revenue		273	30	183	-20
Other expenses		-127	-95	-89	-55
Stock based compensation and ESOP plan		-497	-748	-435	-612
Amortization and impairment on goodwill, acquired technology and IP		-	-230	-	-67
<b>Operating profit (EBIT)</b>		<b>7,396</b>	<b>22,902</b>	<b>1,912</b>	<b>12,893</b>
<b>Operating margin (EBIT) %</b>		<b>15.6%</b>	<b>35.3%</b>	<b>8.2%</b>	<b>36.2%</b>
Interest revenue on loans and deposits		49	92	5	43
Interest charges		-234	-161	-156	-87
Other net financial income / (expenses)	5.9	487	56	-802	85
Share in the result of the enterprise accounted for using the equity method	5.11	63	178	32	7
<b>Profit before taxes (PBT)</b>		<b>7,762</b>	<b>23,066</b>	<b>991</b>	<b>12,941</b>
Income taxes	5.10	-2,296	-7,678	-322	-4,384
Net profit from continuing operations		<b>5,465</b>	<b>15,388</b>	<b>669</b>	<b>8,557</b>
Net profit		<b>5,465</b>	<b>15,388</b>	<b>669</b>	<b>8,557</b>
Attributable to :					
Non controlling interest	5.12	-	-596	-	-318
<b>Equity holders of the parent company</b>		<b>5,465</b>	<b>15,984</b>	<b>669</b>	<b>8,874</b>
<b>Net profit from operations – share of the group <sup>(1)</sup></b>	<b>5.3</b>	<b>5,963</b>	<b>16,833</b>	<b>1,104</b>	<b>9,571</b>
<b>EARNINGS PER SHARE (in number of shares and in EUR)</b>	<b>5.7</b>	<b>1H15 Reviewed</b>	<b>1H14 Reviewed</b>	<b>2Q15 Unaudited</b>	<b>2Q14 Unaudited</b>
Weighted average number of subscribed shares for the period less treasury shares		13,487,016	13,469,540	13,489,502	13,479,675
Weighted average fully diluted number of shares		13,855,872	13,895,707	13,855,960	13,895,569
<b>Basic earnings – share of the group</b>		<b>0.41</b>	<b>1.19</b>	<b>0.05</b>	<b>0.66</b>
Fully diluted earnings – share of the group <sup>(2)</sup>		0.39	1.15	0.05	0.64
<b>Basic net profit from operations – share of the group</b>		<b>0.44</b>	<b>1.25</b>	<b>0.08</b>	<b>0.71</b>

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(EUR thousands)		1H15 Reviewed	1H14 Reviewed	2Q15 Unaudited	2Q14 Unaudited
<b>Net profit</b>		<b>5,465</b>	<b>15,388</b>	<b>669</b>	<b>8,557</b>
<b>Other comprehensive income of the period</b>					
Currency translation differences		315	52	-177	27
Other increase / (decrease)		-229	-498	-287	-811
<b>Total comprehensive income for the period</b>		<b>5,551</b>	<b>14,942</b>	<b>205</b>	<b>7,773</b>
Attributable to :					
Non controlling interest	5.12	-	-596	-	-318
<b>Equity holders of the parent company</b>		<b>5,551</b>	<b>15,538</b>	<b>205</b>	<b>8,090</b>

(1) The net profit from operations is the net profit (share of the group) excluding non-operating items (net of tax) and the dcinex contribution. Refer to Annex 5.3: use of non-gaap financial measures.

(2) Excluding 358,650 warrants that were not exercisable at the end of June 2015, fully diluted earnings per share in 1H15 would have been EUR 0.40 (see also note 5.6)

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

<b>ASSETS (EUR thousands)</b>	<b>Notes</b>	<b>June 30, 2015 Reviewed</b>	<b>Dec. 31, 2014 Audited</b>
<b>Non-current assets :</b>			
Goodwill		1,125	1,125
Acquired technology and IP		-	-
Other intangible assets		404	415
Lands and buildings	5.16	48,039	46,088
Other tangible assets		3,573	1,835
Investment accounted for using equity method	5.11	899	836
Bonds (Ymagis)	5.11	-	6,361
Subordinated loans	5.11	-	151
Other financial assets		261	260
<b>Total non-current assets</b>		<b>54,299</b>	<b>57,071</b>
<b>Current assets :</b>			
Inventories		16,091	15,365
Trade receivables		22,790	28,210
Other amounts receivable, deferred charges and accrued income		5,958	5,486
Other financial assets		3,098	1,575
Cash and cash equivalents		19,084	25,556
<b>Total current assets</b>		<b>67,021</b>	<b>76,191</b>
<b>Assets classified held for sale</b>	<b>5.16</b>	<b>5,065</b>	<b>6,445</b>
<b>Total assets</b>		<b>126,385</b>	<b>139,707</b>
<b>EQUITY AND LIABILITIES (EUR thousands)</b>			
<b>Equity :</b>			
<b>Capital</b>		<b>8,342</b>	<b>8,342</b>
Reserves		75,898	83,650
Interim dividends		-	-13,485
Final dividend		-13,485	-
Treasury shares		-4,960	-5,364
<b>Total consolidated reserves</b>		<b>57,453</b>	<b>64,801</b>
Translation differences		686	371
<b>Equity attributable to equity holders of the parent company</b>		<b>66,481</b>	<b>73,514</b>
<b>Non-controlling interest</b>		<b>6</b>	<b>6</b>
<b>Total equity</b>	<b>4</b>	<b>66,487</b>	<b>73,520</b>
Long term provisions		953	1,077
Deferred taxes liabilities		1,462	1,627
Financial long term debts	5.16	22,200	24,800
Other long term debts	5.12	2,160	2,151
<b>Non-current liabilities</b>		<b>26,775</b>	<b>29,655</b>
Short term portion of financial debts	5.16	5,539	7,107
Trade payables		6,915	5,225
Amounts payable regarding remuneration and social security		8,330	9,932
Income tax payable		3,931	8,195
Other amounts payable, advances received, accrued charges and deferred income		8,407	6,075
<b>Current liabilities</b>		<b>33,123</b>	<b>36,533</b>
<b>Total equity and liabilities</b>		<b>126,385</b>	<b>139,707</b>

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

(EUR thousands)	Notes	1H2015 Reviewed	1H2014 Reviewed
<b>Cash flows from operating activities</b>			
Operating Profit (EBIT)		7,396	22,902
Adjustment for non-cash items :			
- Depreciation and write-offs on fixed assets		1,221	1,457
- Stock based compensation and ESOP	1, 4	497	748
- Provisions and deferred taxes increase (+) / decrease (-)		-289	302
		<b>8,825</b>	<b>25,409</b>
Increase (+) / decrease (-) of cash flows			
- Amounts receivable		5,420	6,577
- Inventories		-726	-1,698
- Trade debts		1,690	2,693
- Remuneration, social security and taxes debts		-5,865	1,078
- Other items of the working capital		834	1,404
<i>Cash generated from operations</i>		<i>10,179</i>	<i>35,463</i>
Interest received		49	92
Income taxes	5.10	-2,296	-7,678
<b>Net cash from operating activities</b>		<b>7,931</b>	<b>27,877</b>
<b>Cash flows from investing activities</b>			
Purchase (-) / disposal (+) of intangible assets		-99	-154
Purchase (-) / disposal (+) of property, plant and equipment		-3,419	-10,429
Purchase (-) / disposal (+) of other financial assets	5.11	6,512	32
<b>Net cash used in investing activities</b>		<b>2,994</b>	<b>-10,551</b>
<b>Cash flows from financing activities</b>			
Operations with treasury shares	4, 5.6	404	-335
Other net equity variations		86	-446
Interest paid		-234	-161
Movements on long-term borrowings	5.16	-4,158	18,572
Final dividend paid	4, 5.5	-13,495	-13,547
<b>Net cash used in financing activities</b>		<b>-17,397</b>	<b>4,083</b>
<b>Net increase (+) / decrease (-) in cash and cash equivalents</b>		<b>-6,472</b>	<b>21,409</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>25,556</b>	<b>10,139</b>
<b>Cash and cash equivalents at end of period</b>		<b>19,084</b>	<b>31,548</b>

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

(EUR thousands)	Issued capital	Other reserves	Treasury shares	Currency translation differences	Equity attributable to shareholders of the parent company	Non controlling interest	Total equity
<b>Balance as per December 31, 2013</b>	<b>8,342</b>	<b>64,745</b>	<b>-5,029</b>	<b>-60</b>	<b>67,998</b>	<b>469</b>	<b>68,466</b>
Total comprehensive income for the period		15,486		52	15,538	-596	14,942
Share-based payments		748			748		748
Operations with treasury shares			-335		-335		-335
Final dividend		-13,625			-13,625		-13,625
<b>Balance as per June 30, 2014</b>	<b>8,342</b>	<b>67,353</b>	<b>-5,364</b>	<b>-8</b>	<b>70,323</b>	<b>-127</b>	<b>70,195</b>

(EUR thousands)	Issued capital	Other reserves	Treasury shares	Currency translation differences	Equity attributable to shareholders of the parent company	Non controlling interest	Total equity
<b>Balance as per December 31, 2014</b>	<b>8,342</b>	<b>70,165</b>	<b>-5,364</b>	<b>371</b>	<b>73,514</b>	<b>6</b>	<b>73,520</b>
Total comprehensive income for the period		5,236		315	5,551		5,551
Share-based payments		497			497		497
Operations with treasury shares			404		404		404
Final dividend		-13,485			-13,485		-13,485
<b>Balance as per June 30, 2015</b>	<b>8,342</b>	<b>62,413</b>	<b>-4,960</b>	<b>686</b>	<b>66,481</b>	<b>6</b>	<b>66,487</b>



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

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

The consolidated financial statements of EVS Group for the 6 month-period ended June 30, 2015, are established and presented in accordance with "IAS 34 Interim Financial Reporting", as adopted for use in the European Union.

### **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 2014 consolidated financial statements. The Company's IFRS accounting policies and methods are available in the 2014 annual report on [www.evs.com](http://www.evs.com).

### **5.3: USE OF NON-GAAP FINANCIAL MEASURES**

EVS uses certain non-GAAP measures in its financial communication. EVS does not represent these measures as alternative measures to net profit or other financial measures determined in accordance with IFRS. These measures as reported by EVS might differ from similar titled measures used by other companies. We believe that these measures are important indicators of our business and are widely used by investors, analysts and other parties. In the press release, the non-GAAP measures are reconciled to financial measures determined in accordance with IFRS.

The reconciliation between the net profit for the period and the net profit from operations is as follows:

<b>(EUR thousands)</b>	<b>1H15</b>	<b>1H14</b>
Net profit for the period – IFRS	5,465	15,984
Allocation to Employees Profit Sharing Plan	378	466
Stock Option Plan	120	282
Amortization and impairment on acquired technology and IP	-	230
Contribution of dcinex	-	-128
<b>Net profit from operations</b>	<b>5,963</b>	<b>16,833</b>

### **5.4: SEGMENT REPORTING**

#### **5.4.1. General information**

The company already applies IFRS 8 ("Operating segments") since the fiscal year ended on December 31, 2007.

From an operational point of view, the company is vertically integrated with the majority of its staff 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. Sales 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 (which is primarily the translation of a new marketing approach), and is characterized by the strong integration of the activities of the company; only sales are identified following three dimensions: by geographical region, by market and by nature. EVS operates as one segment.

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.

## 5.4.2. Additional information

### 5.4.2.1. Information on sales 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.

2Q15	2Q14	% 2Q15/ 2Q14	Revenue (EUR thousands)	1H15	1H14	% 1H15/ 1H14
12,943	18,985	-31.8%	Outside broadcast vans	29,916	35,507	-15.7%
8,638	12,484	-30.8%	Studio & others	15,788	22,761	-30.6%
1,723	4,105	N/A	Big sporting event rentals	1,723	6,648	N/A
<b>23,305</b>	<b>35,574</b>	<b>-34.5%</b>	<b>Total Revenue</b>	<b>47,427</b>	<b>64,916</b>	<b>-26.9%</b>

### 5.4.2.2. Information on sales 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".

#### a) Revenue

Revenue for the quarter (EUR thousands)	APAC excl. events	EMEA excl. events	Americas excl. events	Big event rentals	TOTAL
2Q15 revenue	5,674	8,854	7,054	1,723	23,305
Evolution versus 2Q14 (%)	+12.3%	-50.2%	-18.5%	-58.0%	-34.5%
Variation versus 2Q14 (%) at constant currency	+12.3%	-50.2%	-34.3%	-61.0%	-38.7%
2Q14 revenue	5,054	17,764	8,651	4,105	35,574

  

Revenue for 6 months (EUR thousands)	APAC excl. events	EMEA excl. events	Americas excl. events	Big event rentals	TOTAL
1H15 revenue	11,885	13,586	20,232	1,723	47,427
Evolution versus 1H14 (%)	+13.1%	-56.1%	+20.5%	-74.1%	-26.9%
Variation versus 1H14 (%) at constant currency	+13.1%	-56.1%	-1.9%	-75.9%	-32.9%
1H14 revenue	10,507	30,968	16,793	6,648	64,916

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 one country: the US (Americas, EUR 31.1 million in the last 12 months).

#### b) Long term assets

Considering the explanations given in 4.1., all long term assets are located in the parent company EVS Broadcast Equipment SA in Belgium.

### 5.4.2.3. Information on systems and services

Revenue can be presented by nature: systems and services.

2Q15	2Q14	% 2Q15/ 2Q14	Revenue (EUR thousands)	1H15	1H14	% 1H15/ 1H14
21,796	33,371	-34.7%	Systems	44,780	60,763	-26.3%
1,509	2,203	-31.5%	Services	2,648	4,151	-36.2%
<b>23,305</b>	<b>35,574</b>	<b>-34.5%</b>	<b>Total Revenue</b>	<b>47,427</b>	<b>64,916</b>	<b>-26.9%</b>

Services include advices, installations, project management, training, maintenance, distant support that are literally included in the invoices.

### 5.4.2.4. Information on important clients

One external client of the company (NEP Group, Inc.) represents more than 10% of the sales (i.e. 11%) over the last 12 months.

## 5.5: DIVIDENDS

The Ordinary General Meeting of May 19, 2015 approved the payment of a total gross dividend of EUR 2.00 per share, including the interim dividend of EUR 1.00 per share paid in November 2014, leading to a final gross dividend of EUR 1.00 per share, for digital coupon # 20, ex-date May 26 and pay date May 28.

(EUR thousands)	# Coupon	2015	2014
- Final dividend for 2013 (EUR 1.00 per share less treasury shares)	18	-	13,547
- Interim dividend for 2014 (EUR 1.00 per share less treasury shares)	19	-	13,485
- Final dividend for 2014 (EUR 1.00 per share less treasury shares)	20	13,495	-
<b>Total paid dividends</b>		<b>13,495</b>	<b>27,032</b>

## 5.6: EQUITY SECURITIES

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

	2015	2014
<b>Number of own shares at January 1</b>	<b>140,498</b>	<b>133,364</b>
Acquisition of own shares on the market	-	127,500
Sale of own shares on the market	-	-
Allocation to Employees Profit Sharing Plans	-10,581	-10,166
Sales related to Employee Stock Option Plan (ESOP) and other transactions	-	-110,200
Own shares cancellation	-	-
<b>Number of own shares at June 30</b>	<b>129,917</b>	<b>140,498</b>
<b>Outstanding warrants at June 30</b>	<b>358,650</b>	<b>344,550</b>

In 1H15, 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 19, 2015 approved the allocation of 10,581 shares to EVS employees (grant of 37 shares to each staff member in proportion to their effective or assimilated time of occupation in 2014) as a reward for their contribution to the group successes. At the end of June 2015, the company owned 129,917 own shares at an average historical price of EUR 38.18. At the same date, 358,650 warrants were outstanding with an average strike price of EUR 39.70 and an average maturity of December 2016.

## 5.7: EARNINGS PER SHARE (EPS)

The group calculates both the basic earnings per share and the diluted earnings per share in accordance with IAS 33. The basic earnings per share are calculated on the basis of the weighted average number of ordinary shares in circulation during the period less treasury shares. The diluted earnings per share are calculated on the basis of the average number of ordinary shares in circulation during the period plus the potential dilutive effect of the warrants and stock options in circulation during the period less treasury shares.

## 5.8: RESEARCH AND DEVELOPMENT

Since 4Q10, EVS takes into account a withholding tax exemption given since 2006 by the Belgian government to companies paying or allocating compensation to individual researchers who are engaged in collaborative R&D programs according to some criteria defined under section 273 of the Code of income tax in Belgium. In the presentation of the accounts, this amount comes as a deduction of R&D charges.

The detail of the R&D expense is as follows:

(EUR thousands)	1H15	1H14
Gross R&D expenses	12,870	13,379
R&D tax credits for current fiscal year	-735	-838
<b>R&amp;D expenses</b>	<b>12,135</b>	<b>12,541</b>

## 5.9: OTHER NET FINANCIAL INCOME / (EXPENSES)

(EUR thousands)	1H15	1H14
Exchange results from statutory accounts	-946	-143
Exchange results relating to IFRS consolidation methodology	1,407	192
Other financial results	26	7
<b>Other net financial income / (expenses)</b>	<b>487</b>	<b>56</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 annex 5.14.

## 5.10: 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)	1H15	1H14
<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	7,698	22,889
Reported tax charge based on the effective tax rate	-2,296	-7,678
<b>Effective tax rate</b>	<b>29.8%</b>	<b>33.5%</b>
<b>Reconciliation items for the theoretical tax charge</b>		
Tax effect of deduction for notional interests	-88	-102
Tax effect of non-deductible expenditures	162	191
Other increase / (decrease)	-203	228
Total tax charge of the group entities computed on the basis of the respective local nominal rates	-2,425	-7,361
<b>Theoretical tax rate (relating to EVS operations, excluding dcinex)</b>	<b>31.5%</b>	<b>32.2%</b>

## 5.11: INVESTMENTS IN ASSOCIATES - dcinex SA (formerly XDC SA)

In 2014, EVS has sold its 41.3% stake in dcinex to Ymagis SA. Until the closing of the transaction, on October 20, 2014, dcinex was accounted using equity method in EVS consolidated accounts with a negative contribution (share of the group) of EUR -0.2 million.

On October 20, 2014, the value of dcinex in the EVS consolidated accounts was EUR 7.3 million. In addition to this, there were also EUR 1.3 million subordinated loans on the EVS balance sheet.

According to the agreement, the transaction has been valued in the EVS accounts at a total of EUR 9.9 million, including:

- EUR 1.6 million in cash (EUR 2.1 million less EUR 0.5 million for all fees and costs associated with the transaction)
- EUR 2.0 million in Ymagis shares (288,851 shares, sold on November 28 at EUR 6.89 per share)
- EUR 6.4 million in Ymagis bonds (OBSA), which had a maximum maturity of 5 years. These bonds were associated with warrants.

At the closing of the transaction, EVS reversed adjustments relating to dcinex that were booked directly in the equity of EVS (as required by IFRS) over the last few years until the disposal date for an amount of EUR 0.6 million. This resulted in a net capital gain of EUR 2.0 million in the EVS consolidated income statement in 4Q14.

At the end of March, Ymagis repaid anticipatively to EVS:

- the EUR 6.4 million obligations associated with warrants.
- the remaining EUR 151,100 subordinated loans to be repaid by dcinex.

These two repayments finalized the dcinex disposal transaction in the EVS accounts.

Therefore, the enterprises accounted for using the equity method only include Mecalec SMD SA.

### 5.12: SVS-DYVI Live

In May 2013, EVS acquired a minority stake (25.1% of the voting shares) in SVS GmbH, a private company based in Germany ("SVS") whose principal activity is the research and development of network-based technology. Notwithstanding that EVS only held 25.1% of the shares outstanding, the Group considered to have the control of SVS because it had the power on the business decisions and it controlled totally the outflow of the company.

In December 2014, EVS acquired:

- the remaining 74,9% it didn't own in SVS, for an amount of EUR 1.0 million paid in cash, and a possible future earn out based on the performance over the 2015-2020 period
- the remaining 5% it didn't own in Dyvi Live SA for a global amount of EUR 0.1 million.

On June 30, 2015, goodwill amounted to EUR 1.1 million and has not changed after the acquisition of the remaining shares due to the fact EVS has already the global effective control with the first acquisition of the minority share in 2013.

On the EVS balance sheet, an amount of EUR 2.2 million has been booked in "other long term debts" recognized through the equity of EVS, to reflect the best current estimate of the future earn out at the acquisition date. The liability will be reassessed to fair value based on the business plan evolution at each reporting date until the end of the earn out period. The future changes in estimated fair value will be recognized in the income statement.

### 5.13: HEADCOUNT

(in full time equivalents)	At June 30	Quarter average
2015	471	485
2014	503	500
<i>Variation</i>	-6.4%	-3.0%

Most of the staff decrease is due to the closing of the EVS development center in Chengdu, China. It employed 34 people at the time of the closing. Ongoing developments made in China have been transferred in new headquarter in Liège (with some additional recruitments expected). This decision should help EVS to further improve the consistency and efficiency of its R&D activities, and is part of an effort to simplify the structures of the group. While there were some one-time costs related to the closing, the transfer is not expected to have any impact on future operating expenses or product roadmap.

### 5.14: EXCHANGE RATES

The main exchange rate that influences the consolidated financial accounts is USD/EUR which has been taken into account as follows:

Exchange rate USD / EUR	Average 1H	Average 2Q	At June 30
2015	1.1158	1.1053	1.1189
2014	1.3704	1.3710	1.3658
<i>Variation</i>	+22.8%	+24.0%	+22.1%

For 2Q15, the average US dollar exchange rate against the Euro increased by 24.0% compared to 2Q14. It had a 6.8% positive impact on revenue.

### 5.15: FINANCIAL INSTRUMENTS

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

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, 2015, the group held USD 2.0 million in forward exchange contracts, with an average maturity date of December 3, 2015, and with an average exchange rate EUR/USD of 1.2400.

### **5.16: FINANCIAL DEBT AND NEW BUILDING INVESTMENT**

In order to partially finance its new HQ and operating facilities, EVS has drawn down a total of EUR 30 million loans:

- a senior debt funding of EUR 24 million over 7 years with 3 major banks (secured in November 2013): European Investment Bank (50%), ING (25%) and BNPPF (25%)
- loan facilities of EUR 6 million over 5 years (secured in May 2014) with ING

The move to the new headquarter has been totally completed in June 2015.

Given the move into the new building, all the other existing facilities of EVS that are for sale have been reclassified as “Asset classified as held for sale” on the balance sheet. At the end of June, two of the previous buildings have already been sold for a global amount of EUR 1.4 million, and there were “Assets classified as held for sale” for an amount of EUR 5.1 million.

### **5.17: SUBSEQUENT EVENTS**

In July, EVS accepted a purchase offer relating to one of the former buildings. This purchase offer should result in a “preliminary sale agreement” (compromis de vente) and a formal sale of that building in 2H15. On this basis, no negative adjustment has to be recognized for that building in the books.

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

### **5.18: RISK AND UNCERTAINTIES**

Investing in the stock of EVS involves risks and uncertainties. The risks and uncertainties relating to the remainder of the year 2015 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)).

### **5.19: CONFLICT OF INTEREST – RELATED PARTIES TRANSACTIONS**

On February 9, 2015, during the meeting of the Board of Directors, the procedure provided for Article 523 was applied and Muriel De Lathouwer didn't attend the discussion related to the contract of the new CEO (Much sprl, represented by Muriel De Lathouwer).

During the period under review, there was no other 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”).

**STATUTORY AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF EVS BROADCAST EQUIPMENT SA  
ON THE REVIEW OF CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD  
ENDED JUNE 30, 2015**

**Statutory auditor's report to the Board of Directors of EVS Broadcast Equipment SA on the  
review of consolidated interim financial information for the six-month period ended June 30, 2015**

**Introduction**

We have reviewed the condensed consolidated interim financial statements of EVS Broadcast Equipment as of June 30, 2015, including the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows and the consolidated statement of changes in equity for the six-month period then ended, as well as the explanatory notes. The Board of Directors is responsible for the preparation and presentation of this consolidated interim financial information in accordance with IAS 34 "Interim Financial Reporting", as adopted by the European Union. Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

**Scope of review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting", as adopted by the European Union.

Battice, August 26, 2015

BDO Réviseurs d'Entreprises Soc. Civ. SCRL  
Statutory auditor  
Represented by

Christophe COLSON

## **Certification of responsible persons**

Muriel De Lathouwer, Managing Director & CEO  
and Michel Counson, Managing Director

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 the first six months of 2015, 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.