



# EVS BROADCAST EQUIPMENT – 2022/1H RESULTS

August 25th, 2022

Corporate Communication

EVS

# DISCLAIMER

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## ***Forward Looking Statements***

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*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.*

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An hourglass with blue sand is placed on a calendar. The sand is flowing from the top bulb to the bottom bulb. The calendar shows dates in red and black ink. The hourglass is made of clear glass.

# /// AGENDA ///

## Agenda

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- / Business Update
- / Financial Update
- / Outlook
- / Conclusions
- / Questions & Answers

# 2022/H1 HIGHLIGHTS

## REVENUE & ORDER BOOK AT RECORD HIGH

### REVENUES

- 1H21 : 61,8MEUR
- 1H22 : 67,7MEUR (+10%)

### EBIT

- 1H21 : 15,4MEUR
- 1H22 : 15,7MEUR (+2%)

### EO1H ORDER BOOK

- 1H21 : 67,9MEUR
- 1H22 : 91,1MEUR (+34%)

### EO1H NET CASH

- 1H21 : 41,8MEUR
- 1H22 : 44,2MEUR (+6%)

## / SOLID CUSTOMER INVESTMENTS TO ANCHOR NEW PRACTICES IN A POST-COVID WORLD

- MANY LAB CUSTOMERS WILLING TO RENEW THEIR INFRASTRUCTURE TO BOOST THEIR PRODUCTIVITY BASED ON THE BENEFITS BROUGHT BY NEW TECHNOLOGIES AS IP, SW AND AI
- MOST OF “GREEN FIELD” PROJECTS ARE BASED ON IP WITH MORE AND MORE SW
- GROWTH OF LSP INVESTMENTS AND WILLINGNESS TO ENGAGE IN LONG TERM CONTRACTS TO RENEW THEIR FLEET OF XT SERVERS BASED ON ROCK SOLID AND FEATURE RICH LIVECEPTION SOLUTION
- BALANCED COMPUTING WORKFLOWS ARE GETTING TRACTION
- NEW OPEX BASED BUSINESS MODELS ARE GATHERING CUSTOMER’S INTEREST

## / EVS CAPTURES THE INVESTMENTS WITH A RISK ON COMPONENTS AVAILABILITY

- 50+ MUSD “BIG TECH 22” CONTRACT SIGNED IN AUGUST (EXCLUDED FROM FINANCIAL NUMBERS)
- DEPLOYMENT OF KEY REFERENCES OF MEDIACEPTION SOLUTION IN BROADCAST CENTERS TO ENABLE MODERNIZATION AND TRANSFORMATION
- LSPs DECIDING TO COMMIT ON LONG TERM REFRESH OF THEIR PORTFOLIO OF REPLAY SERVERS
- SUCCESSES IN VIDEO ROUTING MARKET
- NEW STRUCTURAL RELATIONSHIPS WITH VERY LARGE INTEGRATORS AND CHANNEL PARTNERS
- PARTNERSHIP WITH RTBF TO RE-INVENT NEW PRODUCTION METHODS IN STUDIOS
- CHALLENGING CONDITIONS ON THE MARKET OF ELECTRONIC COMPONENTS
- EVS TECHNOLOGY AT THE CORE OF MAJOR 2022 EVENTS
- SUCCESSFUL HIRING TO SUPPORT GROWTH AND DEVELOP FUTURE SOLUTIONS

# EVS AS VALUE COMPANY

## INCREASED GUIDANCE AND DIVIDEND POLICY

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- Company's fundamentals allow for an increase in the guidance:

Initial guidance	Upgraded guidance
125 – 140 Mio€	140-150 Mio€

This upgraded revenue guidance underpins the growth trajectory EVS is on.

- EVS announced its renewed dividend policy for the years 2022-2024

	2022	2023	2024
Base dividend	1,1	1,1	1,1
Additional dividend	0,5	-	-
Total dividend	1,6	1,1	1,1



## 2022 – AGAIN NEW PRODUCTS USED FOR BIG WINTER EVENTS

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- / First event in the winter earlier this year
  - We delivered the promise again introducing new products despite the Covid challenge
- / Next event in the next winter, later this year
  - Teams in the starting block
  - Tests successful
  - Infrastructure being shipped
  - Including Media Infrastructure solution components for the first time!



# LAST 12 MONTHS EVOLUTIONS & ACTIONS CONTRIBUTING TO EVS EVOLUTION JOURNEY

## FROM A 2015 COMPANY...

PRODUCT MARKET LEADER

IN PREMIUM MARKET

SELLING IN CAPEX ONLY

SDI REPLAY CENTRIC SYSTEMS

ON EVS HW

FOR ON-PREM LIVE PRODUCTION

MAINLY IN SPORTS

✓ Success of Axon integration  
proven by contracts & figures

✓ Solutions appreciated by customers & partners  
✓ Key references won for new solutions

✓ XT-GO is a success for smaller OBVans  
✓ On-boarding of key structural channel partners

✓ SLA & OPEX continue to increase, e.g. «Big Tech 22» contract  
✓ EVS Credits applied for «On-demand» business model

✓ Fox large deal based on IP Media Infrastructure  
✓ RTBF transversal approach for new production methods

✓ XTRAMOTION as a proofpoint of balanced computing  
✓ Major events integrating cloud ingredients

✓ All EVS products designed for remote production  
✓ Balanced computing as the new moto

✓ More & more transverse modernization contracts  
✓ RTBF Flexible Control Room project

## ... TO A 2025 GROUP

SOLUTION MARKET LEADER

IN DIFFERENT MARKET TIERS

SELLING IN OPEX & CAPEX

IP TCO OPTIMIZED MEDIA SOLUTIONS

AS SW ON COTS, CLOUD & EVS HW

FOR LIVE ANYWHERE OPERATION

IN SPORTS, NEWS & ENTERTAINMENT

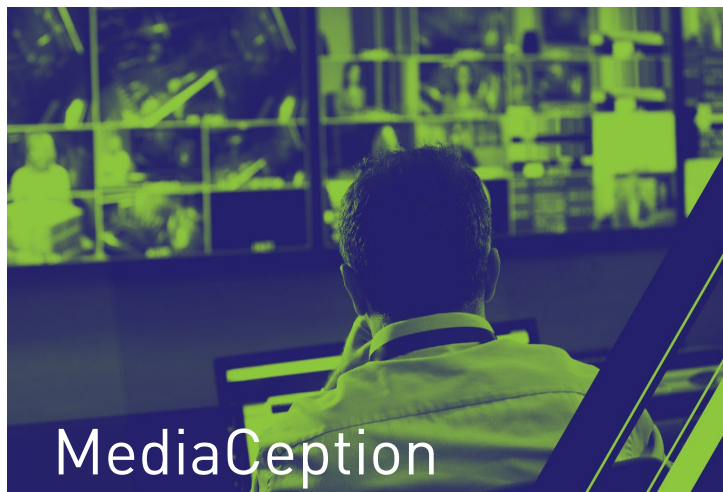
# COMBINING PRODUCTS TO CREATE THE PERFECT SOLUTIONS



LiveCption

Live production, replays and highlights solutions that **elevate the fan experience**

- LARGE XT UPGRADE CONTRACTS CONTINUE TO BE SIGNED TO REFRESH THE PORTFOLIO OF EQUIPMENTS, MOSTLY IN IP, SOMETIMES INTEGRATED WITH A MEDIAINFRA STRADA SOLUTION DEAL.
- XTRAMOTION STILL DELIVERS UNREACHED QUALITIES OF SLOWMOTION IMAGES BASED ON STANDARD BROADCAST CAMERAS
- LSM-VIA CONTINUOUSLY ENHANCED WITH NEW FEATURES



MediaCption

Production asset management solutions for **fast and easy** content turnaround

- DEPLOYMENT OF STRONG MARKET REFERENCES, ESPECIALLY IN US
- LARGE MARKET TRACTION FOR MODERNIZATION PROJECTS IN DIFFERENT REGIONS
- MORE PARTNERS ENHANCING THE OVERALL SOLUTION AND POSITIVELY SUPPORTING LARGE DEALS
- NEW « BIG EVENTS PROVEN » MEDIAHUB SOLUTION OFFERED IN SAAS



MediaInfra

Routing and infrastructure solutions to **control and process all media workflows**

- EVOLUTIVE STRADA ROUTING SOLUTION CONTINUES TO WIN, INCLUDING MAJOR MULTI-MILLION DEAL WITH FOX SPORTS US
- NEURON PROTECT BEST OF SHOW AT NAB 22
- ADOPTION OF NEURON IN JAPAN
- CEREBRUM CONTROL SYSTEM DEPLOYED EVERYWHERE
- RTBF & EVS FLEXIBLE CONTROL ROOM CO-DEVELOPED SOLUTION



# YET ANOTHER NAB AWARD FOR NEURON PROVING CONTINUOUS INNOVATION AT EVS



NAB 2022



Neuron PROTECT is designed to fully protect broadcast networks from single points of failure, using intelligent, redundant, isolated (automatic) change overs.

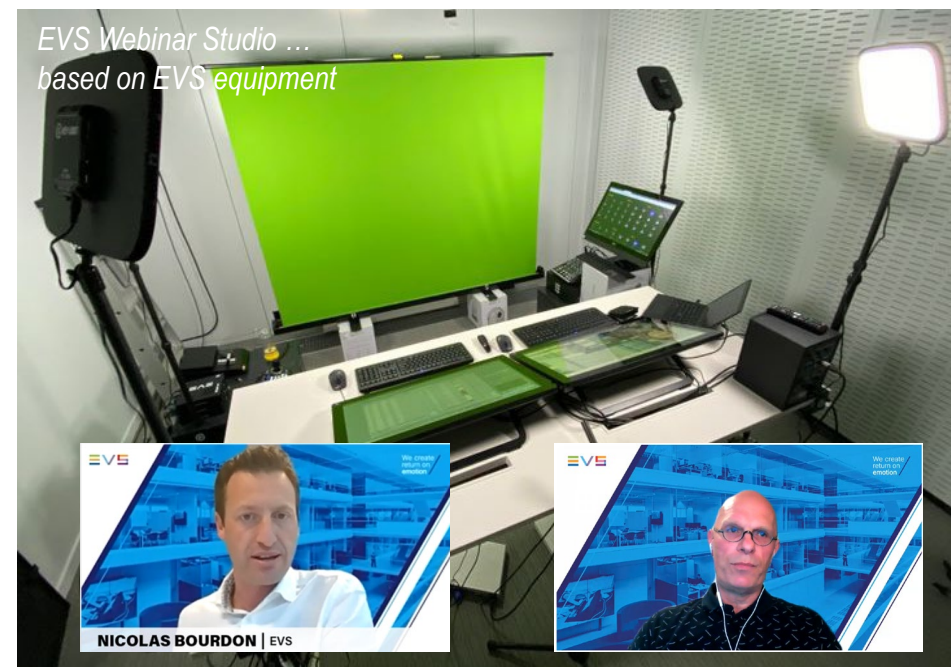
# EVS BACK IN TRADE SHOWS WHILE CONTINUING REMOTE INTERACTIONS WITH CUSTOMERS

EVS back in the trade shows



&

Continue with remote interactions



# MAIN RISKS

## SCARCITY OF ELECTRONIC COMPONENTS & RISING INFLATION

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- EVS tightly manages the inventory of electronic components to ensure the delivery of the so-demanded EVS products & solutions with a decent delay after the order despite very tough components market conditions



- EVS closely follows inflation due to:
  - cost inflation
  - continued price increase of electronic components as observed during last 24 months

# EVS FINANCIAL UPDATE

- / 1H22 FINANCIAL HIGHLIGHTS
- / 1H22 REVENUES
- / GEOGRAPHICAL SPLIT
- / REVENUE DESTINATION SPLIT
- / CONSOLIDATED INCOME STATEMENT
- / IAS 38 APPLICATION FOR R&D DEVELOPMENTS
- / TEAM MEMBERS
- / STRONG BALANCE SHEET

# 1H22 FINANCIAL HIGHLIGHTS

## RECORD ORDER INTAKE & REVENUE

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### / 1H22 Order Intake:

- Continued strong order intake, growth excluding BER is at 30,8% YoY

### / 1H22 Revenue:

- LSP main driver of growth (+33%) benefiting from large upgrade and transformation projects
- LAB in line with expectations, though declining (-14%). Strong performance of 1H21 was boosted by the delivery of several major projects. EVS working on new major milestones, as to consolidate future growth
- Important Big Events revenues, thanks to important winter events

### / Overall Profitability

- Gross margin is declining marginally following investments to support our growth (support and operations); control over cost price of components and inflation is solid
- EBIT performance @ 23,3% of revenue
- Operating expenses growing 8%, fueled by post COVID spending patterns

### / Net profit

*Leading to a diluted EPS of EUR 1,15 (flat in line with 1H21)*

**EUR 88,7 million**

(+17,3% YoY)

**EUR 67,7 million**

(+10% YoY)

67,7% (-1,2Pts YoY)

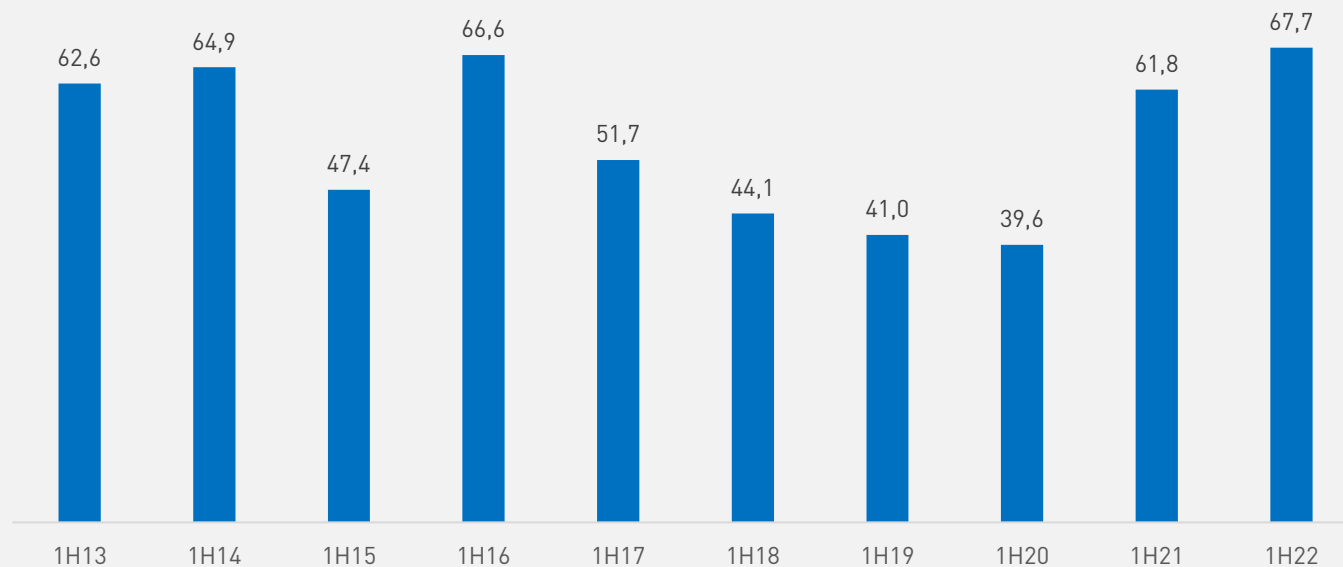
EUR 15,7 million

**EUR 15,4 million**

(-0,9% YoY)



## 1H22 REVENUE



- Best 1H performance in a decade, thanks to
  - Back-orders end of 2021
  - Continued strong OI in 2022
  - Big Events Rentals

# REMINDER

## MARKET PILLAR DEFINITIONS



### / LIVE AUDIENCE BUSINESS (LAB)

Broadcasters, Stadium, House of Worship, Corporate Media Centers, Sports organizations, Government & institutions, University & Colleges

Revenue from customers leveraging EVS products and solutions to create content for their own purpose



### / LIVE SERVICE PROVIDERS (LSP)

Rental & facilities companies, Production companies, Freelance operators, Technology partners & system integrators buying for their own purpose

Revenue from customers leveraging EVS products and solutions to serve “LAB customers”

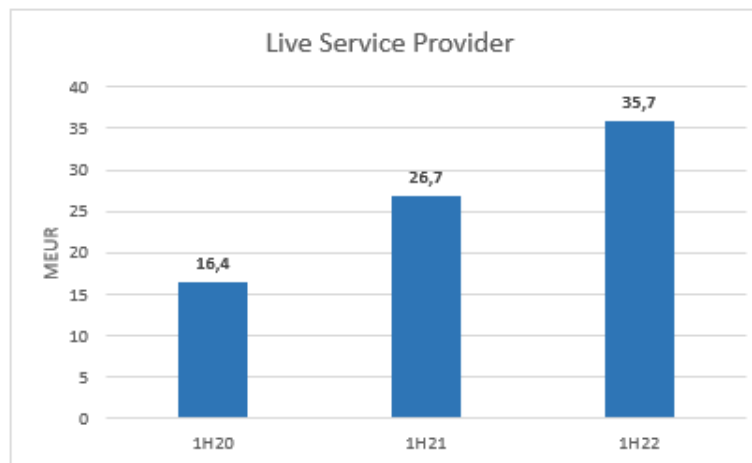
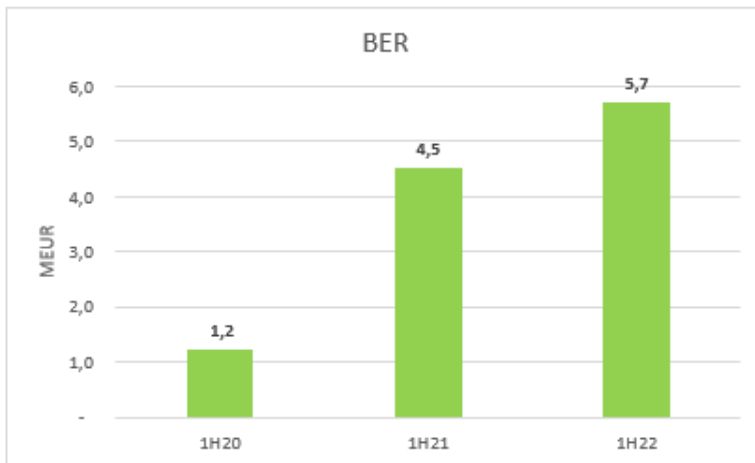
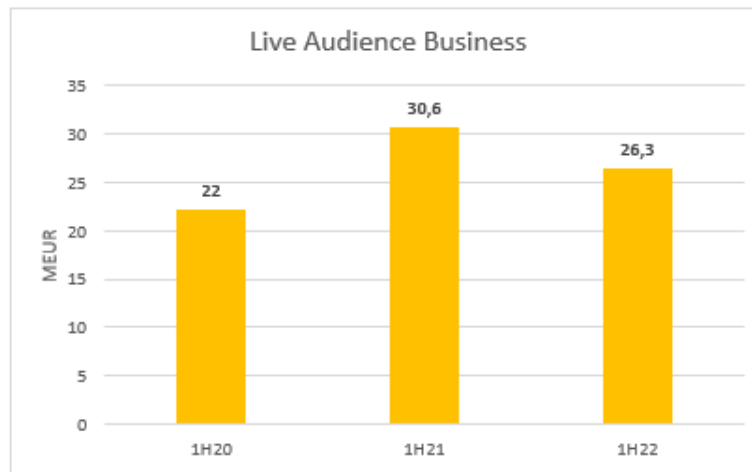
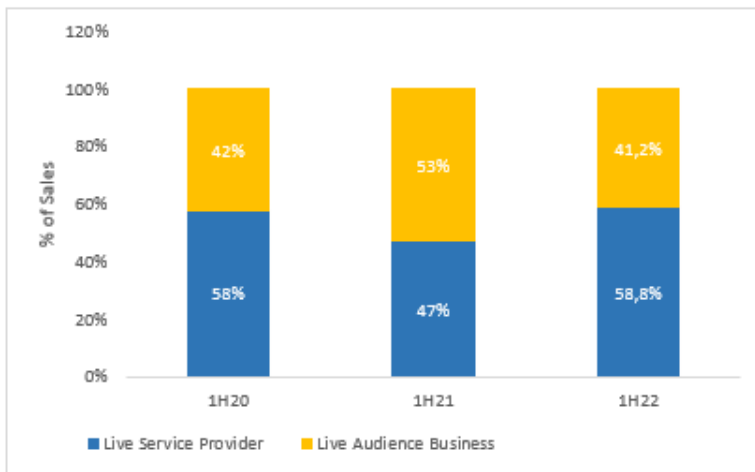


### / BIG EVENTS RENTAL

Highlight the non-yearly revenue base.

Revenue from major non-yearly big events rental.

## 1H22 REVENUE BY MARKET PILLARS

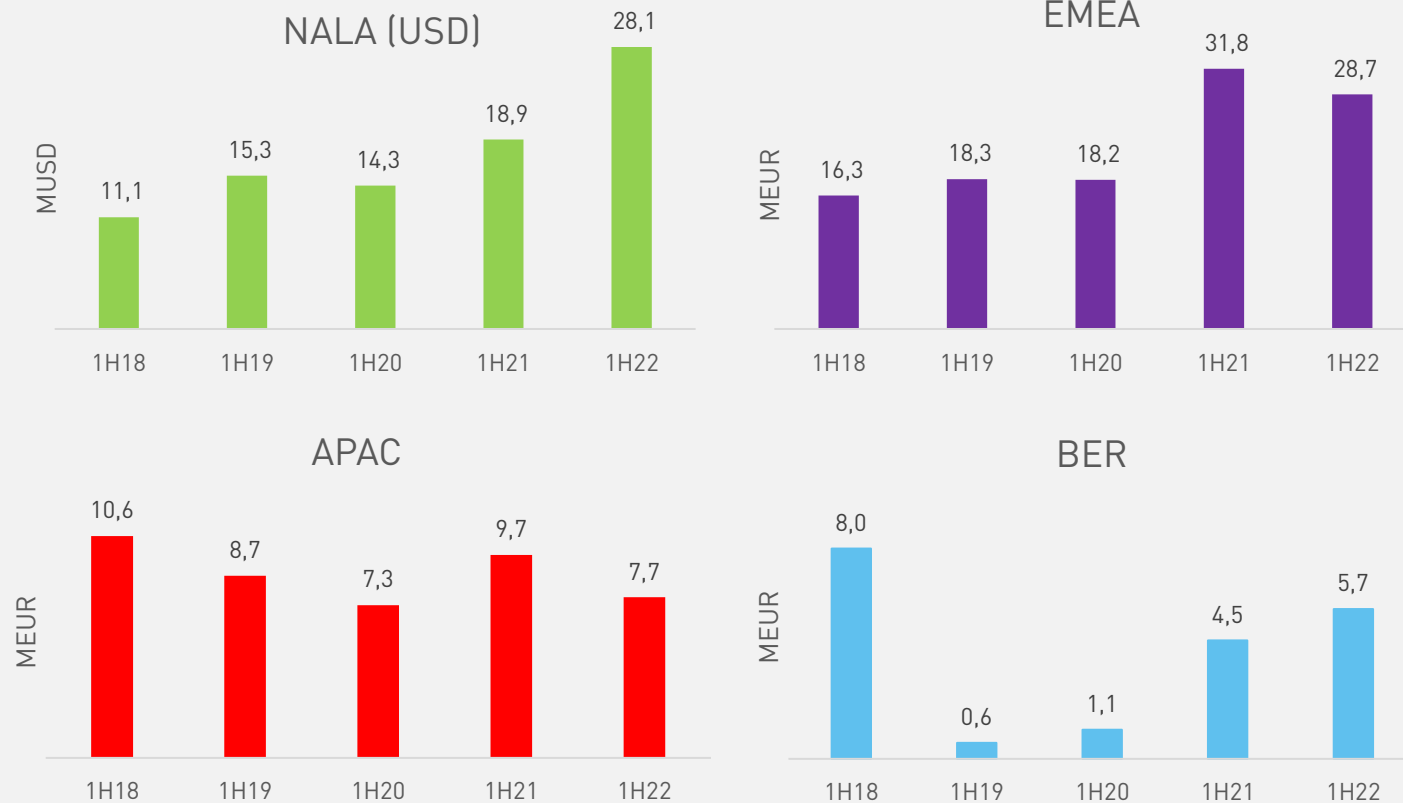


/ LAB market pillar performing in line with expectations, though declining, in comparison to a very strong 1H21. LAB business is a project related business with revenue recognition spread in time. EVS is working on important new milestones, as to consolidate future growth.

/ LSP benefiting from important upgrade cycles and transformation projects. LSP customers are embracing the EVS solutions and embed new practices in their production environment

/ BER growing 27%, thanks to major winter events in Asia.

## 1H22 REVENUE BY REGION



/ NALA performance boosted by important contracts as well as a strong USD.

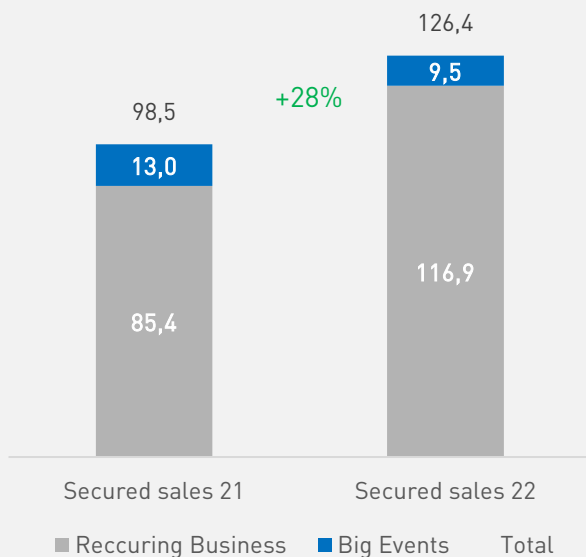
/ EMEA declining in revenue, but building on a strong order intake

/ APAC region performing well, with China as the exception (COVID impact)

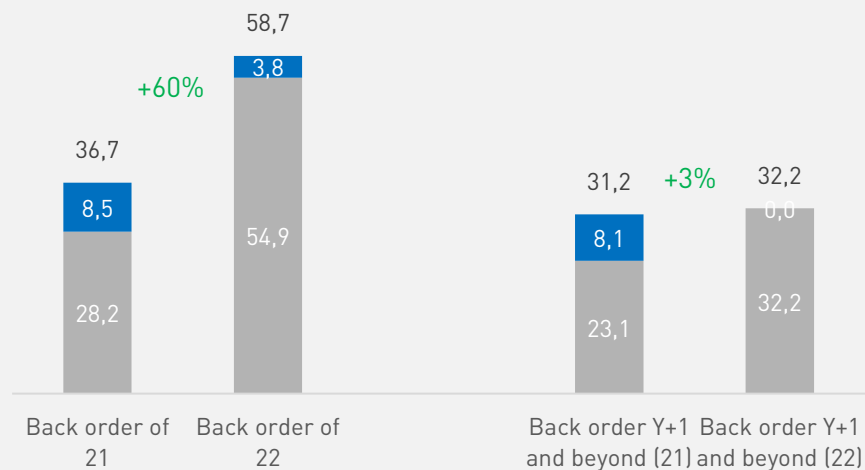
/ BER revenues are strong in 1H22

# 1H22 SECURED SALES AND ORDER BOOK

SECURED SALES @  
1H22 VS LAST YEAR  
(Mio€)



ST AND LT ORDER BOOK  
(Mio€)



- Secured sales at end of 1H22 growing 28% (37% excl. BER)
- Order book continues strong growth, with more long-term engagements (SLA's)
  - Overall order book grows 34% (70% excl. BER)
  - Order book for year +1 and beyond grows with 39% (excl. BER)



# CONSOLIDATED INCOME STATEMENT

In millions of EUR	1H21	1H22	YoY
<b>Revenue</b>	<b>61.779</b>	<b>67.672</b>	<b>9,5%</b>
Cost of sales	19.220	21.841	13,6%
<b>Gross profit</b>	<b>42.559</b>	<b>45.831</b>	<b>7,7%</b>
<b>Gross profit margin</b>	<b>68,9%</b>	<b>67,7%</b>	<b>- 1,2 Pts</b>
SG&A	14.837	17.283	16,5%
R&D	12.221	11.899	-2,6%
Other Revenue/Expenses	117	910	677,8%
<b>EBIT</b>	<b>15.384</b>	<b>15.739</b>	<b>2,3%</b>
<b>EBIT margin</b>	<b>24,9%</b>	<b>23,3%</b>	<b>- 1,6 Pts</b>
Financial result	156	1.573	908,3%
Taxes	56	1.864	-3428,6%
<b>Net profit</b>	<b>15.596</b>	<b>15.448</b>	<b>-0,9%</b>
Diluted earnings per share	1,15	1,15	0,0%

- / Revenue performance growing +9,5% YoY, with revenue excl. BER growing at 8,3%
- / Gross margin remains solid at 67,7%, though declining -1,2Pts in comparison to 1H21. The cost price increases for components remain well within control and are correctly modelled through our sales price increases. The drop in margin is a consequence though of the inflation and further investments in the operations & support organization to fuel our growth.
- / OPEX increases with 8% YoY entirely linked to post-COVID spending patterns and inflation. To be noted that further investments in our R&D department have been recognized as intangible assets under IAS 38.
- / Other revenue & expenses increase (+0,8Mio€) following bad debts reclassification and ESOP bookings.
- / The impact of taxes on the net profit is offset by an important financial result following pro-active hedging
- / EPS (diluted): 1,15 EUR (equal to 1H21)

# IAS-38

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EVS applies for the first time the IAS 38 guidance with regard to some specific R&D spending.

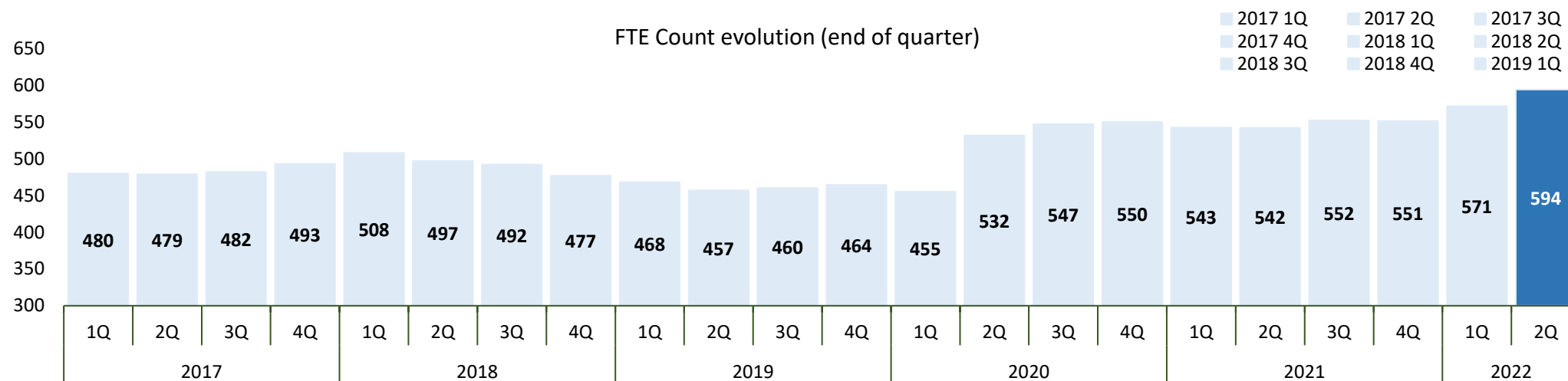
In order to comply with the guidance around intangible assets, the following elements have been documented and demonstrated (and accepted by EY):

- / An intangible asset is created following the development
- / Future economic benefit is demonstrated (future revenue modelling based on clear assumptions)
- / Research and development phases can be distinguished (innovation resources versus R&D resources)
- / Reliable cost tracking is present
- / ROI analysis completed

The guidance was applied to 2 major developments, demonstrating a ROI in 2024. A total of 3,9Mio€ was recognized as intangible asset with future economic benefits.

# TEAM MEMBERS EVOLUTION

## STRONG HIRING TO SUPPORT OUR GROWTH AND PREPARE FUTURE SOLUTIONS



Strong hiring pattern in 1H22, despite the war for talent. EVS demonstrates its brand attractiveness with a strong inflow. Next to that, the outflow is low, demonstrating EVS' strengths in employee engagement.

- Overall HC growing by 62FTE end of 1H22 compared to 1H21. Net inflow in 1H21 is of 43 team members.
- Average HC is increasing +40FTE year-over-year

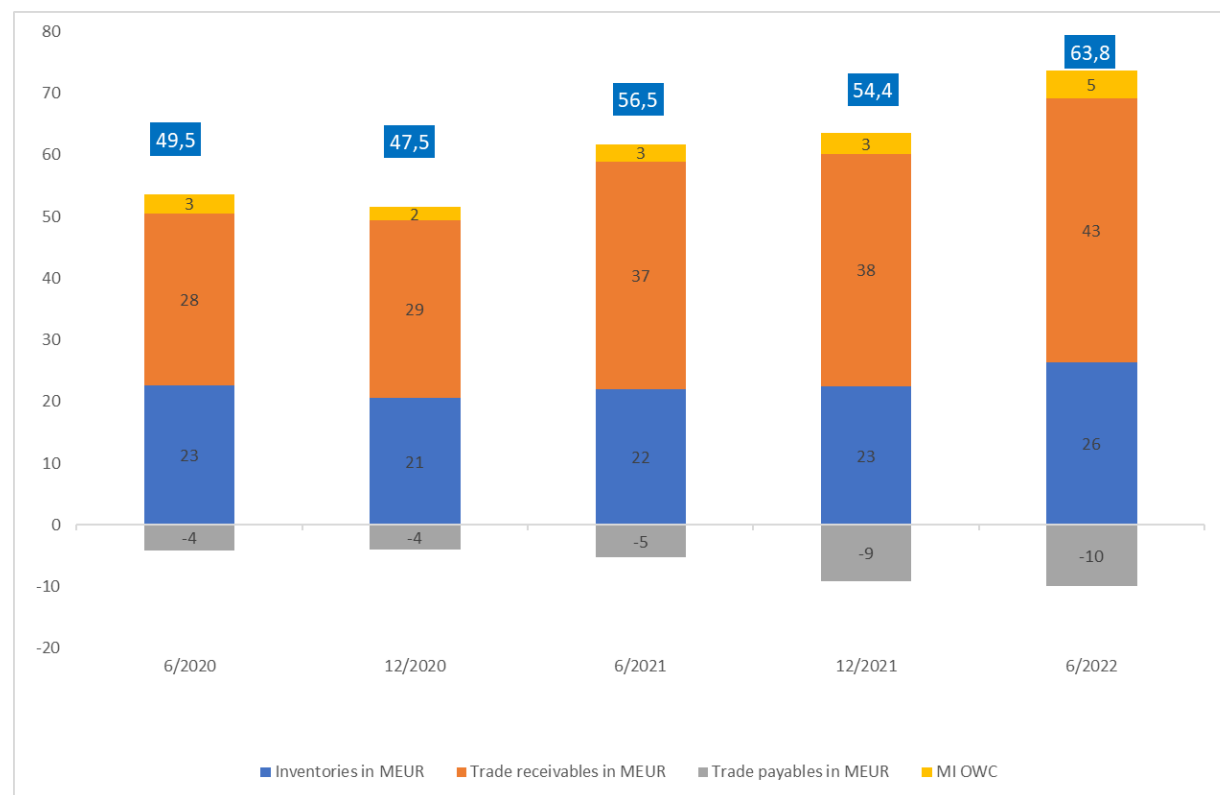
## STRONG BALANCE SHEET

### NET CASH POSITION AT 44,2MIO€

ASSETS (kEUR)	2Q 22	4Q 21	Δ	EQUITY AND LIABILITIES(EUR thousands)	2Q 22	4Q 21	Δ
<b>Non-current assets :</b>				<b>Equity :</b>			
Goodwill	2.832	2.832	0	Capital	8.772	8.772	0
Other intangible assets	9.985	6.113	3.872	Translation differences	1.306	751	555
Lands and buildings	52.860	52.673	187	Total consolidated reserves	156.247	152.794	3.453
Other tangible assets	3.952	4.307	-355	<b>Total equity</b>	<b>166.325</b>	<b>162.317</b>	<b>4.008</b>
Investment accounted for using equity method	1.997	1.920	77	<b>Non-current liabilities:</b>			0
Other financial assets	514	404	110	Long term provisions	1.636	1.502	134
Other long term amounts receivables	1.634	2.408	-774	Deferred taxes liabilities	13	11	2
Deferred tax assets	4.793	5.933	-1.140	Financial and other long term debts	13.512	15.379	-1.867
<b>Total non-current assets</b>	<b>78.567</b>	<b>76.590</b>	<b>1.977</b>	<b>Total Non-current liabilities</b>	<b>15.161</b>	<b>16.892</b>	<b>-1.731</b>
<b>Current assets :</b>			0	<b>Current liabilities</b>			0
Inventories	30.232	25.951	4.281	Short term portion of financial debts	3.839	3.728	111
Trade receivables	44.682	38.924	5.758	Trade payables	11.094	10.497	597
Other amounts receivable and accruals	8.254	6.417	1.837	Amounts payable regarding remuneration and social security	7.315	10.658	-3.343
Other financial assets	135	201	-66	Income tax payable	2.668	2.586	82
Cash and cash equivalents	60.946	72.144	-11.198	Other amounts payable and accruals	16.414	13.549	2.865
<b>Total current assets</b>	<b>144.249</b>	<b>143.637</b>	<b>612</b>	<b>Total Current liabilities:</b>	<b>41.330</b>	<b>41.018</b>	<b>312</b>
<b>Total assets</b>	<b>222.816</b>	<b>220.227</b>	<b>2.589</b>	<b>Total equity and liabilities</b>	<b>222.816</b>	<b>220.227</b>	<b>2.589</b>

- / EVS continues to have a strong balance sheet with net cash position of EUR 44.2 million with low debt level (of which EUR 13.4 million related to IFRS 16) resulting in a total equity representing 74.6% of the total balance sheet as of the end of June 2022.
- / Other intangible assets demonstrate the internal development costs capitalized during 2022 according to IAS 38 (Intangible assets).
- / Lands and building mainly include the headquarters in Liège as well as the right of use for the offices abroad (IFRS16).
- / Inventories amount to EUR 30.2 million and include around EUR 3.4 million value of Axon equipment. The increase in inventories is a reflection of the pro-activeness we build into our supply chain model as to cope with the delivery delays and uncertainties of electronic components.
- / Cash and cash equivalents reduced with 11Mio€, primarily as a consequence on cash used in financing activities (dividend) and investing activities (IAS38)

## INCREASE OF WORKING CAPITAL



/ Operating working capital is at 63,8 MEUR (+17% versus YE21)

/ The working capital is increasing over the past quarters as a consequence of:

- Higher inventories (+3Mio€): a pro-active measure to limit the impacts of the shortage in the components market on our supply chain
- Higher trade receivables (+5Mio€) following the revenue achievement pattern
- Investments in MI OWC, also a reflection of higher inventories (+2Mio€)

offset by

- Marginally higher trade payables (-1Mio€) also a reflection of the higher volumes in our business



## OUTLOOK & GUIDANCE 2022

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*All fundamentals support an upgraded guidance.*

### 2022 financial outlook

- Secured revenue for 2022 at end of June is at 126,4 Mio€ (YoY growth of 29%)
- Order book is at a record-high:
  - EUR 54,9 Mio€ to be recognized in revenue in 2022 (+70% YoY and excl Big Event Rentals)
  - EUR 3,8 Mio€ to be recognized in revenue in 2022 for Big Events Rental
  - EUR 32,2 million to be recognized in revenue in 2023 and beyond (+39% YoY)
- Based on the above, we upgrade the revenue guidance for 2022 from an initial range of 125-140 Mio€, to a new range of **140-150 Mio€**. This upgraded guidance assumes EVS has no issues (availability nor price) in with supply chain to produce the final production batch of the year.
- Operating expenses will continue to grow 12-15% as a consequence of inflation, post-COVID spending patterns and hirings to continue and fuel our growth.

## NEXT FOCUS & CONCLUSIONS

- / NEXT FOCUS - KEY ACTIVITIES FOR 2022
- / CONCLUSION

## NEXT FOCUS - KEY ACTIVITIES FOR 2022

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- / Deliver the large multi-years modernization projects that we have won
- / Promote existing solutions and continue to enhance the workflows through new solutions
- / Continue to expand EVS solutions offering, organically, through acquisitions and strategic partnerships
- / Prepare and deliver 2022 next major winter event

# CONCLUSION

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- / Record high revenues & order book
  - Major event delivered successfully last winter
  - Growth of orders and revenues for LSP
  - Decrease of LAB revenues based on the mix of projects and impact of revenue recognition over lifecycle of the project
- / EVS evolution based on PLAYForward strategy continues as planned
  - Solutions defined in the last 3 years are making hits on the market, including in Media Infrastructure
  - Addressing premium and mid-tier markets
  - Direct or through the new channel partner program
- / The gross margin percentage is under control from an inflation and cost component point of view. The gross margin is impacted though by further investments in our support & operations departments, as to fuel our growth.
- / Opex is expected to increase 12-15% based on inflation of manpower and components as well as higher investment to support profitable growth. In addition, post-COVID spending patterns fuel the growth as well.
- / Guidance for the year 2022 is upgraded to 140 and 150 million EUR.
- / EVS' performance is supporting the renewed dividend policy, issued earlier this year. I.e. a dividend of 1.10EUR for year 2022, increased with an exceptional dividend of 0,50EUR per share as to honor the past dividend policy promises





# QUESTIONS & ANSWERS



# THANK YOU

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