

# EVS Broadcast Equipment

2022/FY results

*February 17th, 2023*

*Corporate communication*

# DISCLAIMER

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# Agenda



1. Business Update
2. Financial Update
3. Outlook
4. Conclusions
5. Questions & Answers

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# 2022 FY corporate highlights

## Progress on our PLAYForward strategy

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### *Market & customers*

- Growth of revenues & order intake
- Big Tech contract 22
- Successful big events
- Price increase
- Many awards from different business dimensions

### *Technologies*

- AI for broadcast specific enhancements
- Thought leadership about « Balanced computing »
- Investment in future growth

### *Corporate topics*

- EVA as the new ERP
- Focus on ESG
- Cost increase due to inflation and post-Covid/new normal spending patterns
- First fruits of sustainable relationships with channels
- Axon acquisition as a success
- Enhancement of Leadership Team
- Team size increase enabling future growth

### *Shareholders*

- Growth of revenues and order intake
- Recovery of 2020 dividend
- Capability to successfully execute M&A transactions demonstrated
- Strong EPS

# 2022 FINANCIAL highlights

Record Order Intake & Revenue, accompanied by a strong net profit

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/ 2022 Order Intake  
(+46,5% YoY)

EUR 218,8 million

/ 2022 Revenue  
(+7,7% YoY)

EUR 148,2 million

/ Net profit  
(-10,2%)

EUR 31,3 million

/ Team members  
(+62FTE)

613 FTE at EOY



2030 TARGET

# OUR BHAG

BECOME THE **NUMBER ONE SOLUTION PROVIDER**  
IN LIVE VIDEO INDUSTRY



**EV5**

# 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

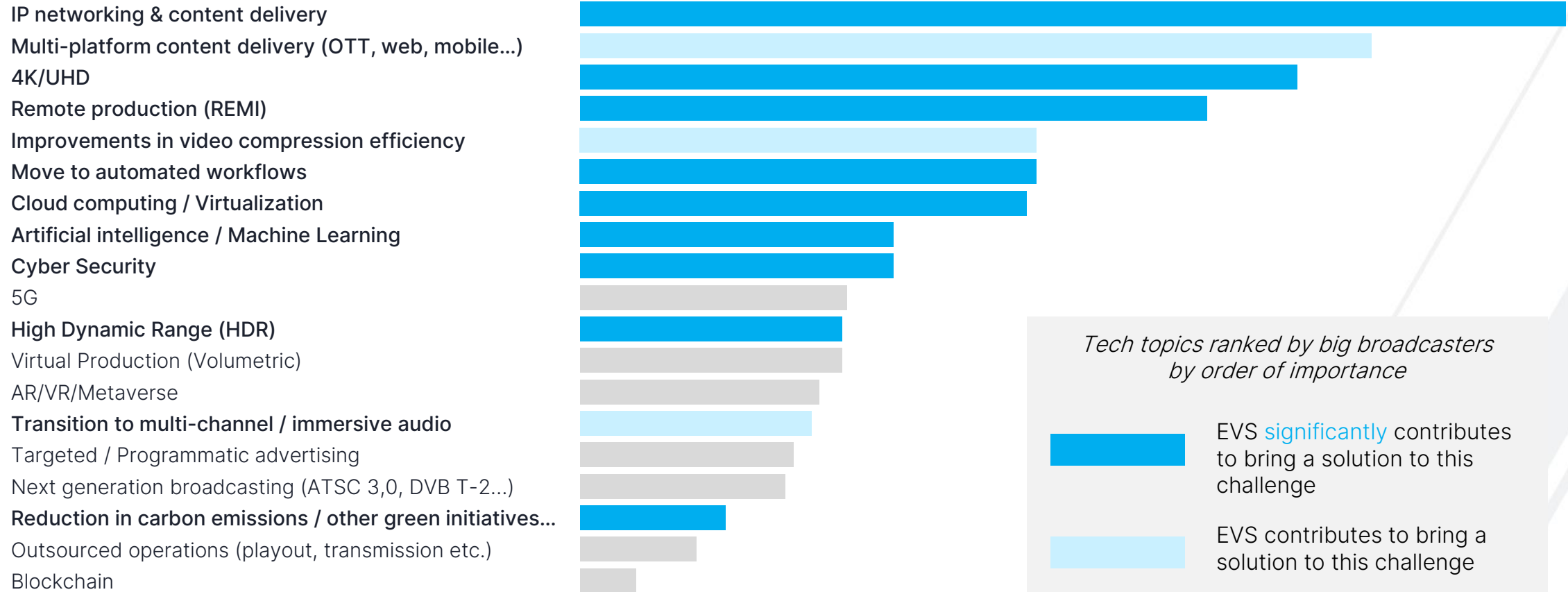
AS SW ON COTS, CLOUD & EVS HW

FOR LIVE ANYWHERE OPERATION

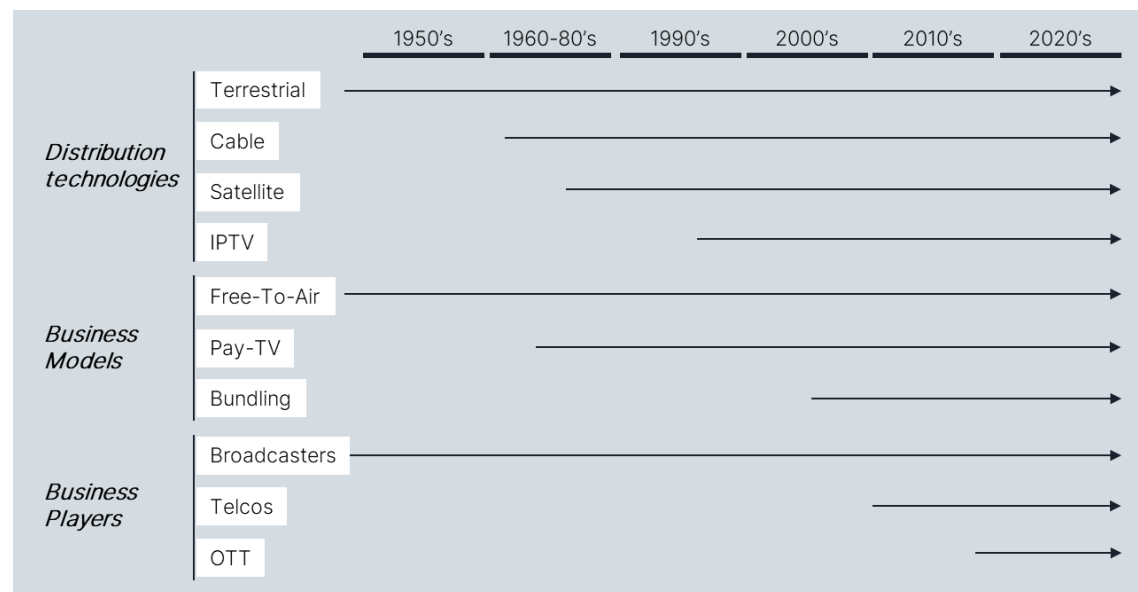
IN SPORTS, NEWS & ENTERTAINMENT



# EVS active to solve the problems faced by our customers

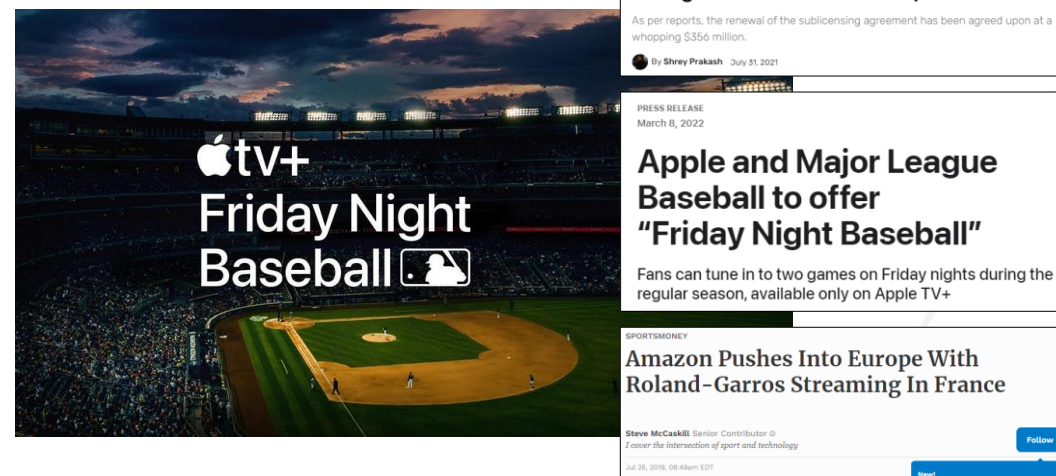


EVS business is linked to volume of premium live productions, more than to broadcaster's revenues

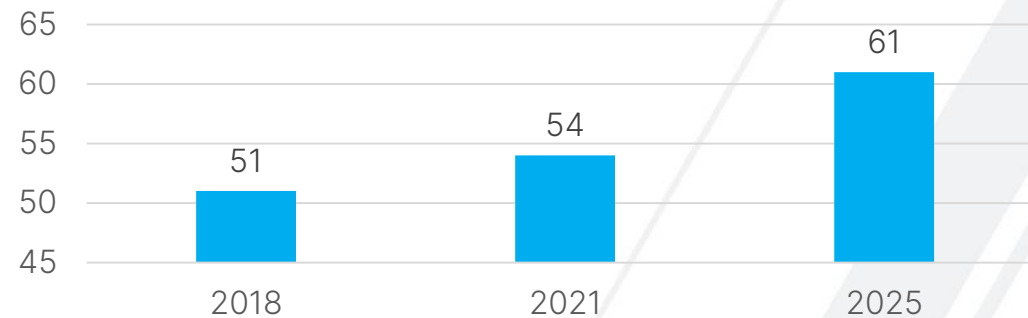


Whatever the way live content is distributed,  
 Whatever the business model,  
 Whatever the business player,  
**the value of live content only increases!**

**BIG TECH INTEREST IN US SPORTS RIGHTS TRIGGERS 10-YEAR CONTRACT WORTH OVER \$50M FOR EVS**



Global value of Media Rights 2018 to 2025 (\$M)

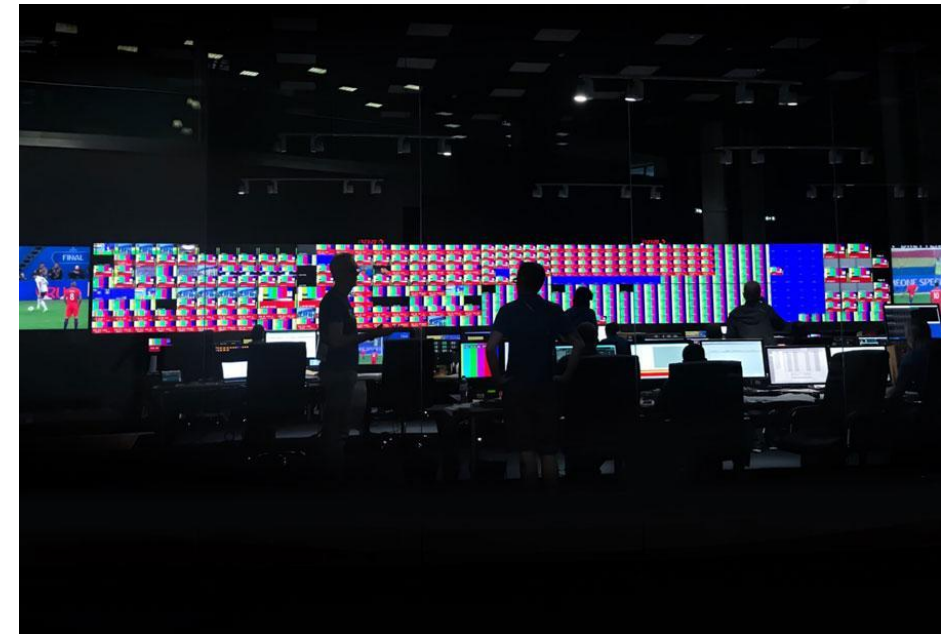


Source: SportBusiness Global Media Report 2022

# BIG TECH Contract 22



- “Big tech’s move into live sports has sparked a chain reaction in the broadcast industry, where broadcasters and live service providers are looking to expand their production capacity while investing in future-proof technology.” Serge Van Herck
- Big Tech contract 22 is
  - A 10 years 50MUSD+ agreement
  - With a major US-based broadcast and media production company (LSP)
  - Including CAPEX, a plan for further extensions and an SLA
- Which
  - confirms EVS position as a trusted technology partner
  - proves confidence in the capabilities of EVS to deliver the right solutions in the next decade
  - brings predictability for both parties



# Several 2022 iconic contracts confirming EVS as a trusted partner in broadcast transformation journey



LAB

MediaInfra Strada  
Fox Sports US



LAB

FCR  
RTBF - BE



LSP

LiveCaption  
Alamiya - Saudi



LSP

LiveCaption  
TV2 - NEP - DMC - Norway



LAB

LiveCaption & MediaCption  
Pro-Sieben - DE



LAB

MediaInfra  
CanalPlus - FR



LAB

LiveCaption  
Studio Berlin - DE



LAB

LiveCaption  
NBC Sports - US



# Combining products to create the perfect solutions



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

- BIG TECH CONTRACT
- MORE AND MORE FLEXIBLE LSM-VIA
- XTRAMOTION USED FOR MORE AND MORE EVENTS
- LIVECEPTION AT THE CORE OF 2022 MAJOR EVENTS WITH NEW WORKFLOWS AND OPTIONS



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

- VIA CREATE AS A MAJOR MILESTONE IN THE HISTORY OF LIVE EDITING
- FIRST DEPLOYMENTS OF NEW GENERATION OF SOLUTIONS IN WEU
- LARGE MARKET TRACTION FOR MODERNIZATION PROJECTS
- MORE PARTNERS ENHANCING THE OVERALL SOLUTION
- MEDIAHUB IMPLEMENTED FOR MEDIUM SIZE EVENTS



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

- STRADA PROVEN TO BE THE ÉVOLUTIVE SOLUTION
- LARGE CONTRACTS DELIVERED IN NALA WHERE AXON WAS NOT PRESENT
- CEREBRUM EVERYWHERE
- CEREBRUM AT THE CORE OF THE FLEXIBLE CONTROL ROOM SOLUTION CO-DESIGNED WITH RTBF



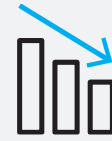
# Our answer to cloud is “Balanced computing”



Increase in **partial**  
Cloud deployments



SaaS & OPEX business  
models



Trends **away** from  
Cloud

# EVS contributions to the industry & society again recognized through several 2022 awards

## Product recognition



SATIS 22



TVB EUROPE IBC22



TVTECH BEST OF SHOW NAB22

## Company recognition



INNOVATION & PEOPLE CHOICE  
WALLONIA BUSINESS AWARDS



IABM SUSTAINABILITY AWARD



2023 TOP EMPLOYER IN BELGIUM



# 2022 successes confirms that AXON was:

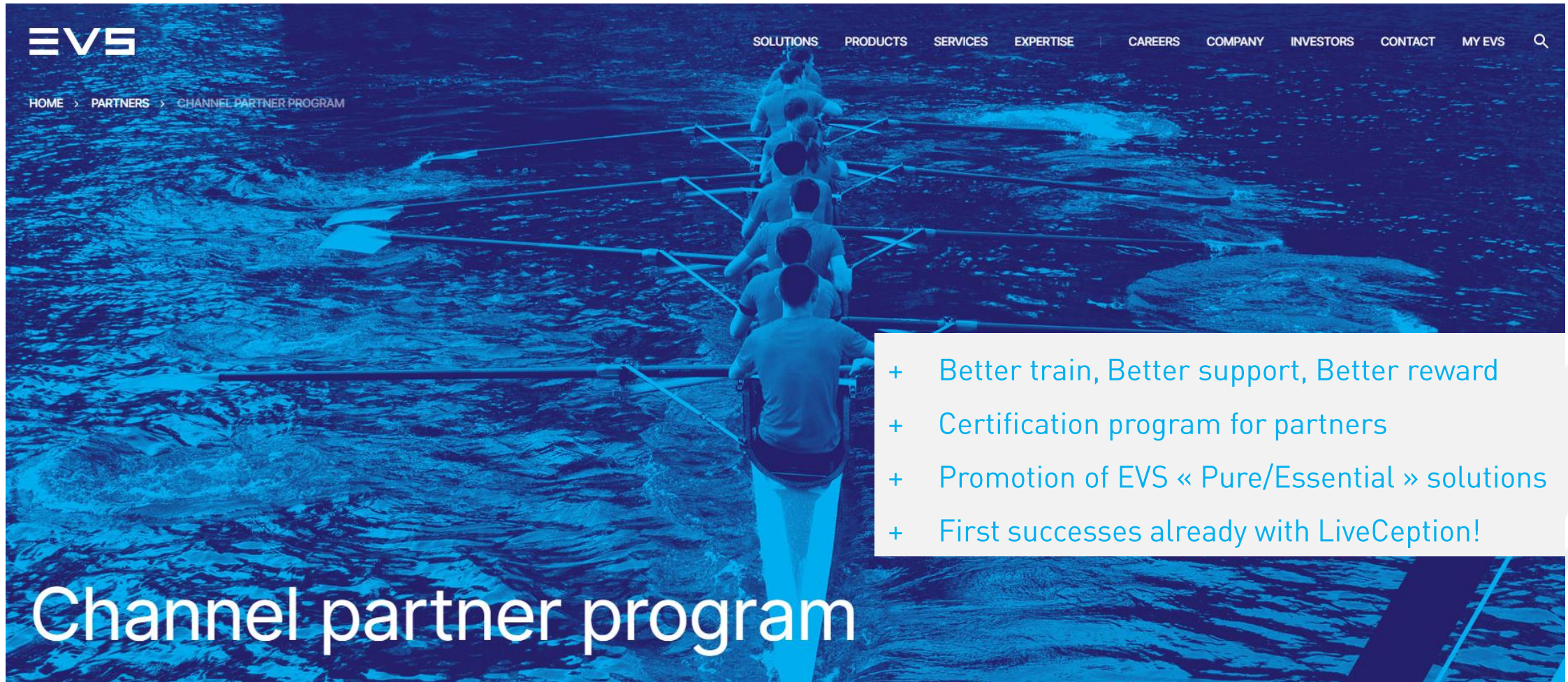
- a good acquisition
- successfully integrated

- Higher revenues
- Higher contribution to EBIT
- Multi-million contracts
- Deployment in US
- MI inside the live workflows of big events

The EVS logo is displayed in large, white, three-dimensional block letters on a dark grey brick wall. The building is a modern, multi-story structure with a dark facade and numerous windows, some of which have red frames. The sky is blue with some light clouds.



The transition « from opportunistic to sustainable partnership » bears first fruits, especially in US, especially with Media Infrastructure



**EVS**

SOLUTIONS PRODUCTS SERVICES EXPERTISE CAREERS COMPANY INVESTORS CONTACT MY EVS

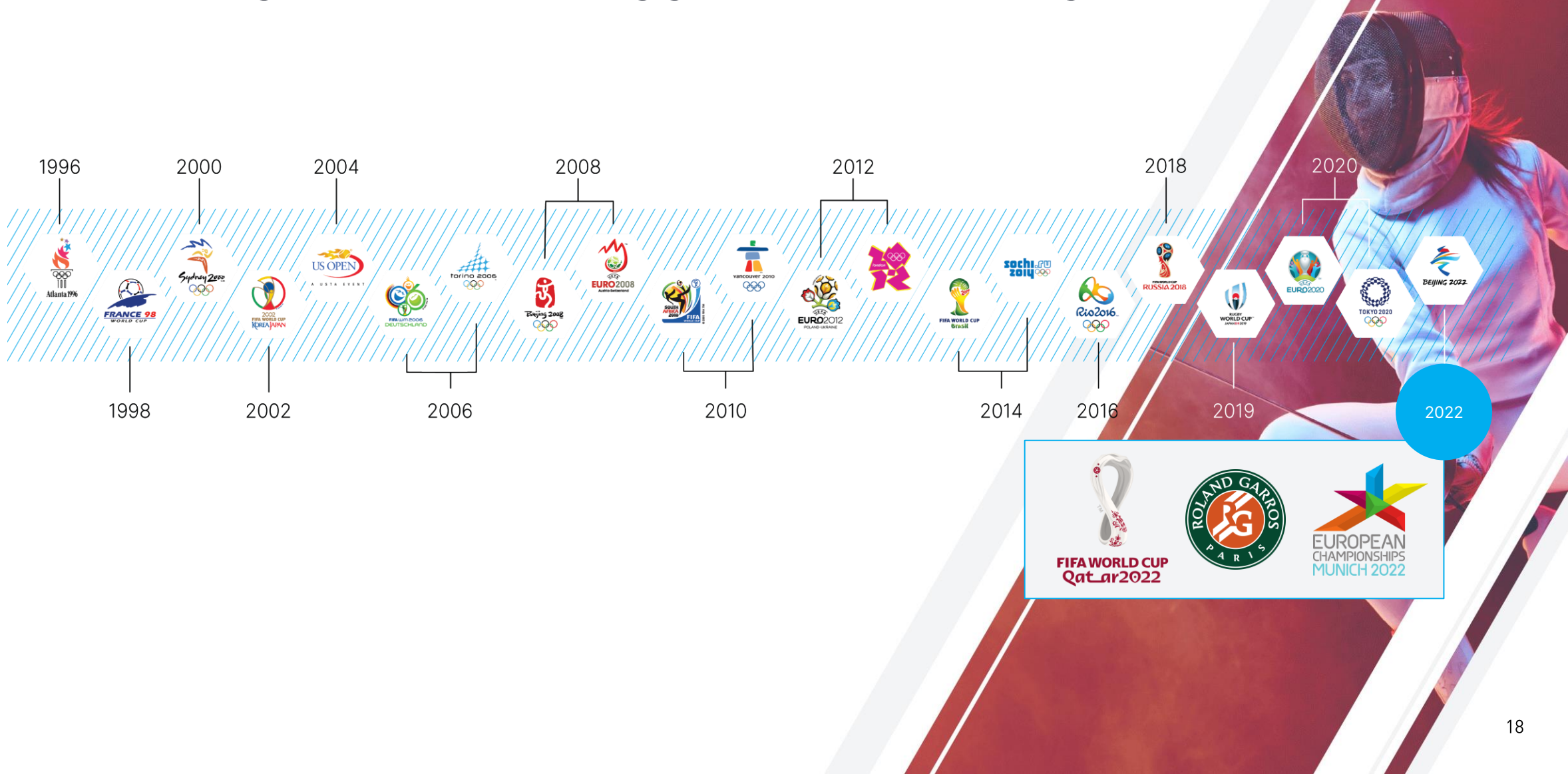
HOME > PARTNERS > CHANNEL PARTNER PROGRAM

- + Better train, Better support, Better reward
- + Certification program for partners
- + Promotion of EVS « Pure/Essential » solutions
- + First successes already with LiveCception!

# Channel partner program



# Powering the world's biggest live sporting events







# Feedback

- Clients **very happy** to be back on tradeshow - **Large attendance** from **EMEA clients** and **Channel partners**
- Industry is **positive**, **loads of projects** discussed, very healthy pipeline
- **MI, the cloud recording & MediaHub** were the stars of the booth
- **Balanced computing** concept well accepted - Clients do not see a "cloud only" **solution as beneficial**



# MAIN RISKS

## Scarcity of electronic components & Salary INFLATION



- 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



- EVS closely follows inflation due to:
  - salary inflation
  - continued price increase of electronic components



# EVS Leadership team



Veerle De Wit

Chief Financial Officer



Serge Van Herck

Chief Executive Officer



Nicolas Bourdon

Chief Marketing Officer



Quentin Grutman

Chief Customer Officer



Xavier Orri

EVP Operations & Projects



Pierre Matelart

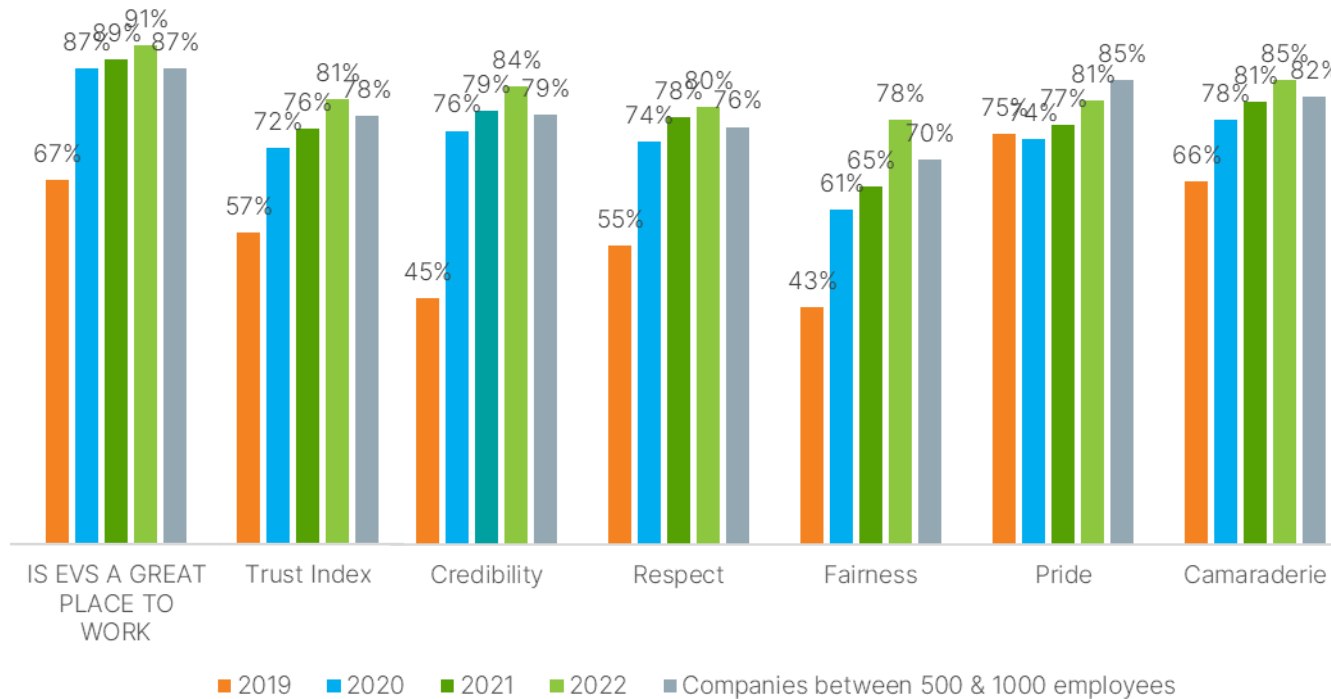
Chief People Officer



Alex Redfern

Chief Technology Officer

# Engagement Survey – 2022 – Summary



High Response Rate

> 80%

EVS is a Great Place to Work

91% (+2%)

Trust Index (5 dimensions)

81% (+5%)

Increase on

all dimensions

# Team size increase enabling future growth !



## Onboarding & Efficiency

We expect our team to stay at the same size until the end of 2023

The team is there and ready – we are aligning the magnets to increase the efficiency... ensure business priorities ... and value creation





# ESG | Drivers for long term sustainability



- Customers' carbon emissions
- Using more efficient technologies and languages
- Responsibly sourced components, products and services
- Wellbeing of team members including education/training
- Optimal governance



# Focus on ESG

We practice and demonstrate our commitment to our team members, our communities, and the environment every day, through practical & engaging initiatives that truly make an impact.

Investments in renewable energy sources and sustainable offices

Targeted initiatives in sport, education, technology and diversity

Actively engaged in over 80 social and cultural projects each year

A caring company culture



Build the right thing, build the thing right and build it for the future !



Marine Simonis  
EVS ESG ambassador



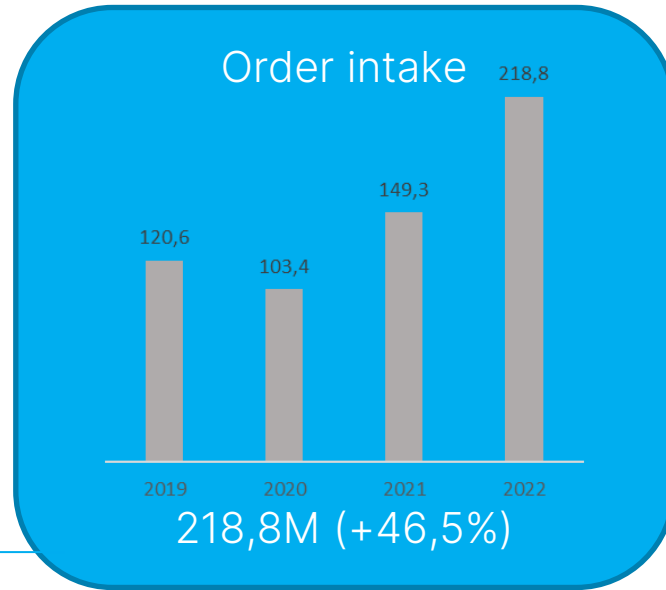
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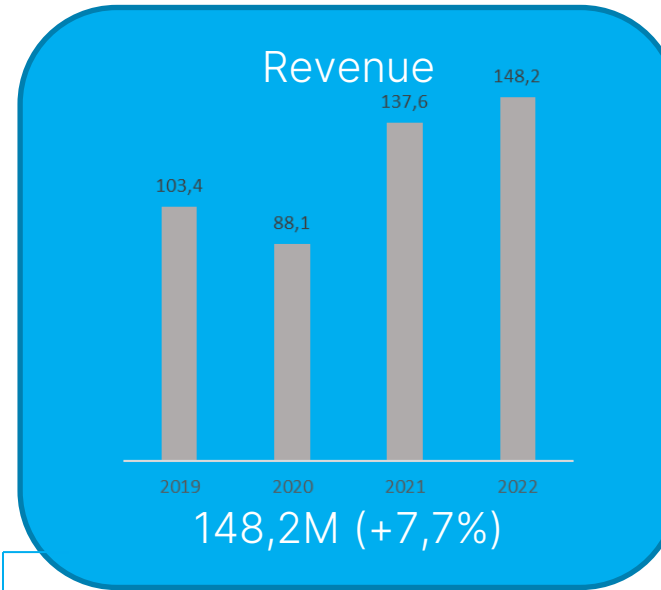
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# FY22 | Topline performance



Strong order intake across all regions

Excluding Big Tech 2022, growth is of 13,1%

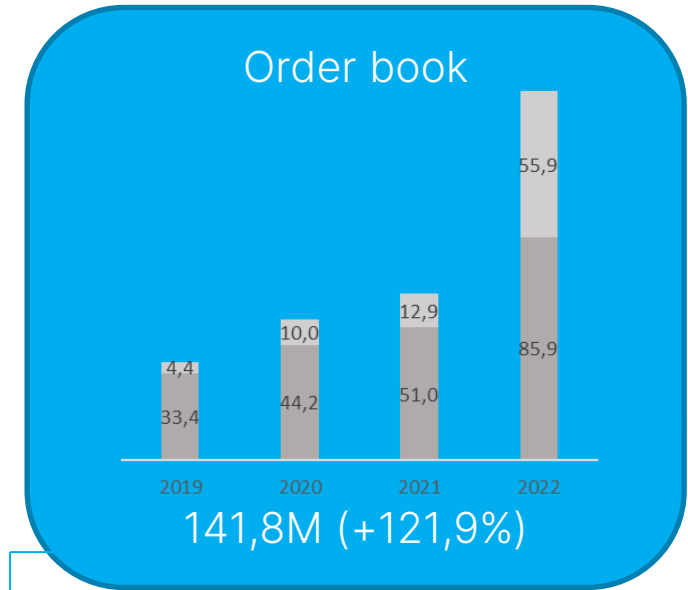


Growth despite reduced Big Event Rental revenue and despite higher delivery periods

Growth driven by NALA, MI and price increases.

Normalized growth, excluding BER and dollar impact is of 6,3%.

In line with market expectations.



ST and LT order book demonstrating strong growth

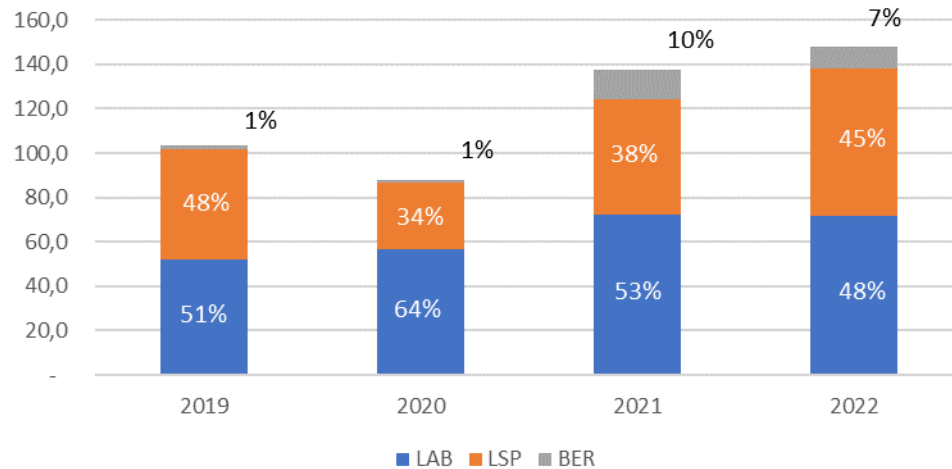
2023 secured sales at 85,9M (+68,4%)

Our visibility on future years is also increasing, with a secured sales for 2024 and beyond of 55,9M

# FY22 | Revenue analysis

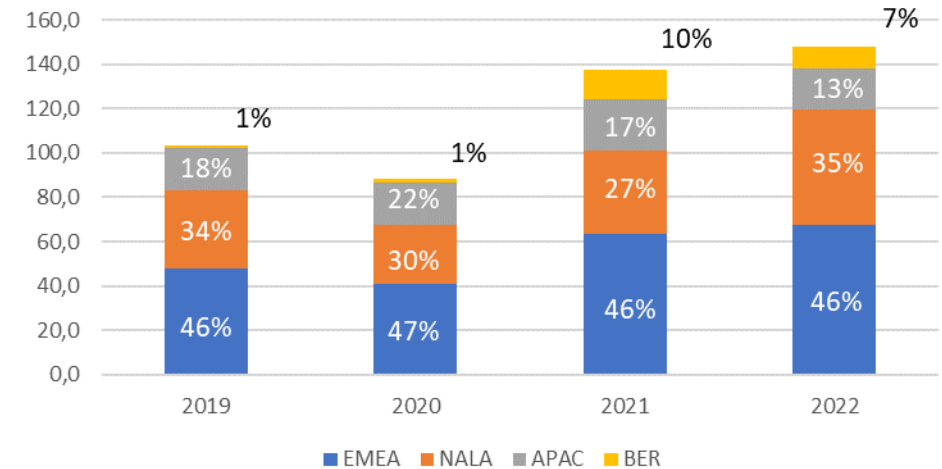


## Evolution revenue by pillar



- Acceleration of upgrade cycle in LSP
- LAB market performance targeting long-term growth. Market is more project prone: order book for 2023 at 42,3M

## Geographical split



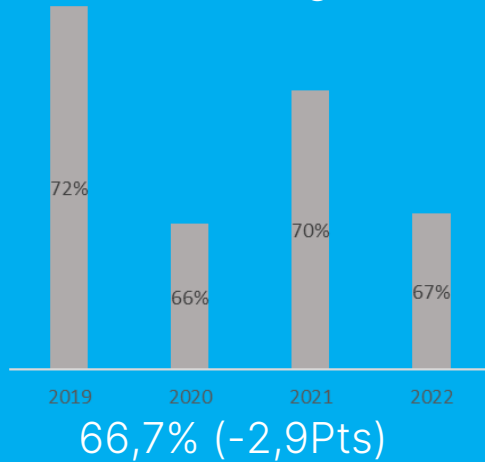
- Acceleration of growth in NALA
- Strong performance of EMEA
- APAC performance still impacted by COVID in the region



# FY22 | Profitability



## Gross Margin

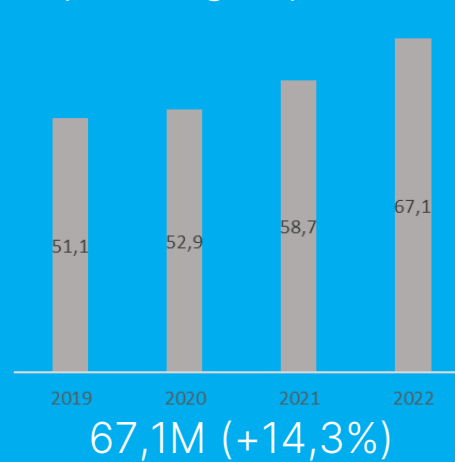


### Elements influencing gross margin:

- Investments in support and operations team members (-1,4Pts)
- Mix of solutions (-1,1Pts)
- One-off impact following more granular inventory processes (-0,4Pts)
- Profit improvement within solutions (+0,1Pts)

Below market expectations (-2,2%).

## Operating Expenses\*

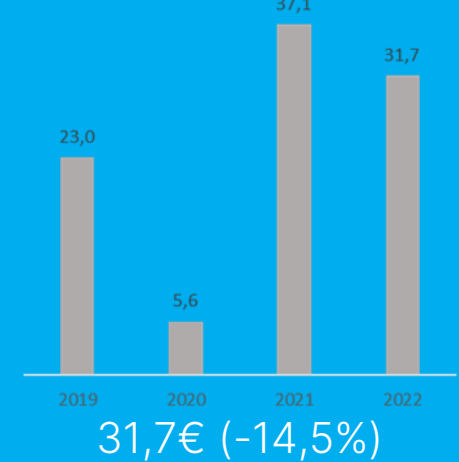


### Growth in operating expenses influenced by:

- Investments in additional team members to fuel growth
- Inflation
- Post-covid spending patterns

In line with market expectations.

## EBIT

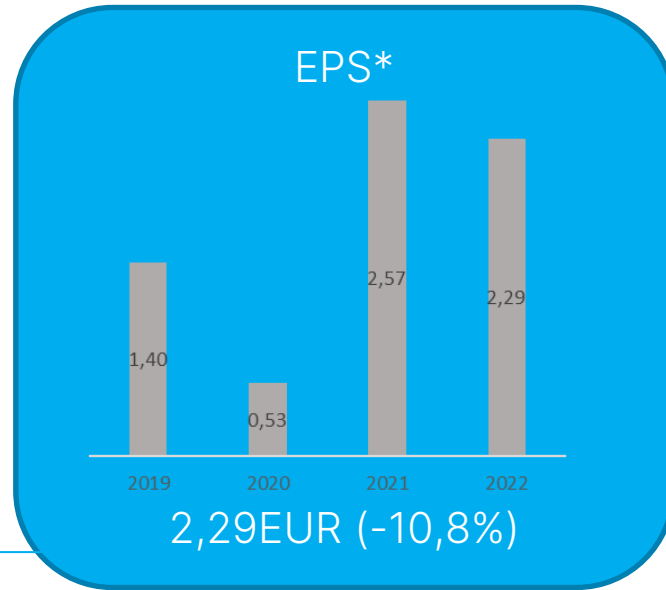


EBIT performance impacted by reduced gross margin performance and increased operating expenses.

EBIT margin is 21,4%

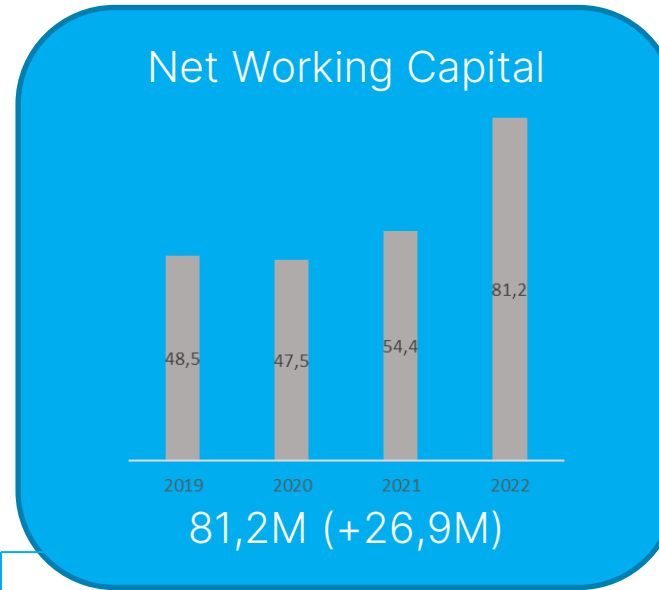
Below market expectations (-5,3%).

# FY22 | Financial structure



- EPS performance strong following:
- Pro-active cash management and exchange rate management
  - One-off benefit in taxes following excess taxes paid in 2021 worth 0,9M

Above market expectations (+1,8%).



NWC needs increased throughout 2022 following:

- Pro-active investment in inventories as to respect delivery terms towards our clients (+2,8M)
- Impact on trade receivables (+22,7M), o/w +15M linked to December 2023.



Trade receivables evolve in line with overall sales.

Expected one-off impact in 4Q22 following a block on invoicing after ERP Go-Live for 6 weeks, in a quarter with the highest volumes.

Temporary impact with recovery expected early 1Q23.

# Intangible assets (IAS38)



In 2022, EVS launched the internal development of 2 internal projects. These stand alone projects are planned to considerably contribute to the growth of the company as of 2024.

	2022 Actuals	2023 Foreseen
IAS 38 – 2 projects	7,5M	6,2M

- The developments are followed on a regular basis internally, as to ensure progress and outcome are in line with the business plans.
- Costs are capitalized on the balance sheet.
- Launch of solutions is expected in 2H23 (potential announcement at IBC)

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# Outlook & guidance 2023

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## 2023 financial outlook

- We start the year 2023 with the highest order book in the history of EVS at EUR 141,8 million (+122% YoY), of which:
  - EUR 85,9 million to be recognized in revenue in 2023 (+68% YoY)
  - EUR 55,8 million is reserved for the years beyond 2023 (+333% YoY). Excluding Big Tech 2022, the long-term order book is growing 31% YoY.
- Based on the strong order book, the pipeline and the market, we set our revenue guidance for 2023 at EUR 145-155 million. This guidance demonstrates our ambition to equal or even outperform our 2022 revenue numbers, without Big Event Rental income in 2023.
- In terms of costs, 2023 will be the year where we stabilize our growth: no further growth in team size nor is there an expected increase of the capital expenditure envelope. EVS ambition is to demonstrate profitable growth, meaning both revenue growth and cost control will be important in 2023, especially given the volatile macro-economic environment.

# Dividend proposal

- EVS proposes an overall dividend for the year 2022 at EUR 1,60 share\*\*.
- This proposal for 2022 consists of:
  - A base gross dividend of EUR 1,10 per share
  - An exceptional gross dividend of EUR 0,50 EUR per share

This proposal is in line with the dividend policy issued early 2022 for the years 2022-2024.

In € per share per fiscal year	2022	2023	2024
Base dividend	1,10	1,10	1,10
Exceptional additional dividend	0,50	0,00	0,00
<b>Total dividend</b>	<b>1,60</b>	<b>1,10</b>	<b>1,10</b>

- In November 2022, an interim dividend of EUR 0,50 per share was distributed
- Remaining EUR 1,10 per share is scheduled for payment in May 2023\*,\*\*

\* subject to market conditions

\*\* subject to the approval of the Ordinary General Meeting of shareholders

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# 6 Key Learnings



The industry keeps on consolidating



Big tech provider are on the place



Infra is the cornerstone of big changes



Business models are shifting



Cloud is just one of the enablers



EVS is on a good track





# NEXT FOCUS - KEY ACTIVITIES FOR 2023

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- / Deliver the large multi-years modernization projects that we have won
- / Help our customers still using previous versions of XT replay servers to transition before the end of support.
- / Leverage the new solutions to win more deals in 2023
- / Continue to expand EVS solutions offering, organically, through acquisitions and strategic partnerships
- / Confirm contracts, prepare and deliver 2024 major events
- / Focus on cost control

# Conclusion

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- / EVS PLAYForward strategy is definitely bearing fruits
- / No further investments are planned in our cost structure and focus in 2023 will be on cost control.
- / Revenue guidance for the year 2023 is between 145 and 155 million EUR revenues
- / Targeted dividend at 1.60EUR for year 2022 \*\*

\*\* subject to the approval of the Ordinary General Meeting of shareholders

# Questions & Answers





# Thank you!

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