

Publication on May 16, 2024 at 18:30 CET after market close
Regulated / Inside information – Business update 1Q24
EVS Broadcast Equipment S.A.: Euronext Brussels (EVS.BR), Bloomberg (EVS BB), Reuters (EVSB.BR)

EVS Q1 2024 business update

Liège, Belgium, May 16th, 2024

Building towards a strong 2024

EVS starts the year 2024 with a strong revenue result in the first quarter, despite the reserved production capacity dedicated to the Big Events of the year. At the same time the pipeline looks promising to ensure a strong 2024.

Highlights

- Revenue achievement for 1Q24 similar to the first quarter of 2023.
- Secured revenue* of 135.6Mio€ sustaining our revenue guidance of EUR 180-195 million.
- Operational expenses under control, with some investments in an increasing team member base to support our continuous growth ambitions.
- Based on the 1Q24 results, a full year EBIT guidance of EUR 38.0 – 45.0 million is announced.
- Net cash is restoring to EUR 56.1 million, with important progress made on clearing aged receivables.

*secured revenue includes the already recognized revenue as well as open orders on hand that will be recognized as revenue in 2024

Comments

Serge Van Herck, CEO comments:

“As we navigate through the first quarter, we are well-positioned to deliver a robust performance in 2024.

This year holds special significance for EVS as we celebrate our 30th anniversary. Over the past three decades, we have continuously pushed the boundaries of innovation in the broadcast industry, and we are excited to mark this milestone with our customers, channel partners and EVS operators around the world. Additionally, as we look ahead, we are proud to power the major Big Events with worldwide viewership taking place in Europe over the coming months, further showcasing the reliability and excellence of our various EVS solutions. Additionally, I am pleased to highlight the growing attention our Media Infrastructure solutions are receiving from customers worldwide. These solutions will also play a significant role in delivering the upcoming major Big Events to billions of viewers worldwide, further solidifying EVS as a trusted partner in delivering seamless and reliable live broadcast experiences.

At EVS, innovation remains at the core of everything we do. Our generative AI-enabled XtraMotion capability that is seamlessly integrated in our LiveCaption solution, continues to revolutionize the industry, transforming regular broadcast cameras into super slow-motion cameras. The integration of artificial intelligence-based search capabilities in our MediaCaption solution, coupled with the recent launch of VIA MAP during NAB in Las Vegas, underscores our commitment to advancing technological boundaries and delivering unparalleled value to our customers.

Furthermore, I am delighted to share that our environmental, social, and governance (ESG) efforts are gaining further recognition, with EVS now being included in the BEL ESG index. This recognition reflects our ongoing commitment to sustainability and responsible corporate citizenship.

However, amidst our optimism, we remain vigilant in the face of challenges. The geopolitical situation in Ukraine and Palestine continues to present uncertainties, particularly concerning component supply. We are closely monitoring developments and taking necessary precautions to mitigate any potential impact on our operations.”

Commenting on the results and the outlook, Veerle De Wit, CFO, said:

“Despite a limited production capacity, due to the preparation of the Big Events of 2024, EVS is again able to deliver a strong quarter in terms of revenue. At the same time, our pipeline is shaping up, stemming us positively on the full year potential. We continue to keep control over our spending patterns, with some planned investments in our team member base. These investments are primarily focused on accelerating our growth in North America. Next to that, we continue to invest in our digital transformation and our security framework.

Besides a strong income statement, we are also happy to see that our cash position is further strengthening. We were able to considerably reduce our aged receivables compared to end of 2023.

With the current revenue guidance in vigor, we issue an Earnings Before Interest & Taxes (EBIT) guidance of the year: based on the 1Q24 results and the market dynamics, we expect it to land between EUR 38.0 – 45.0 million. The higher end of the range clearly underlines our ambition to realize sustainable and profitable growth again in 2024.”

Market & customers

During the preceding quarter, EVS persistently advanced its growth drivers, notably focusing on LAB market pillar, the NALA region, MediaCeption, and Media Infrastructure solutions, alongside fortifying its indirect sales channels.

Supported by a robust order backlog, revenues from LAB customers and the NALA region exhibited year-over-year growth, bolstered by the global upsurge in revenue from MediaCeption and MediaInfra solutions.

EVS's channel partner ecosystem further gained in strength, evident at the NAB event in April. Amid commemorations of the company's 30-year anniversary, our partners showcased EVS solutions to a diverse array of customers, extending beyond the established large clientele. The compelling narrative surrounding MediaInfra solutions led to fervent interest and engagement, occupying a significant portion of our booth's demonstration space.

The spectrum of growth extends beyond these pivotal levers. The EMEA region experienced a notable surge in order intake, with customers expressing keen interest in VIA MAP, introduced at last year's IBC in Europe and this year's NAB in North America.

EVS remains committed to empowering LSP customers through the modernization of their OBVans, exemplified by initiatives such as Alkass's deployment of LiveCeption solution in Qatar and LMG's adoption of LiveIP Strada evolutive routing solution in the US to serve All-Elite-Wrestling, as announced at NAB.

While revenues from China have yet to reclaim pre-COVID levels, there are signs of a gradual resurgence in orders.

EVS maintains meticulous inventory management practices to ensure timely delivery of hardware-based products in accordance with commitments. Accelerated production efforts are underway to meet demand ahead of major upcoming events this summer. Furthermore, EVS remains vigilant in monitoring inflationary trends across global regions, progressively integrating adjustments into pricing and business models.

Technologies

EVS remains dedicated to nurturing its "premium live ecosystem."

Enhancements to LiveCeption now incorporate more AI-based effects, augmenting the existing XtraMotion capabilities. Additionally, EVS is introducing a suite of image enhancements – for example cinematic effects – readily activatable by EVS operators from any broadcast camera with just a touch, eliminating the need for specialized cameras at the venue.

Furthermore, EVS offers diverse operational modes for the XT-VIA, coupled with innovative business models. Through flexible on-demand activation of extra features, EVS technology becomes more accessible and cost-effective for both LAB and LSP customers.

MediaInfra solutions have seen significant enhancements, including the widespread deployment of Neuron View – a low-latency multiviewer. This new application not only enhances the Neuron platform's versatility but also significantly reduces carbon footprint through server reuse. The Neuron platform itself demonstrates exceptional energy efficiency, outperforming pure software platforms by up to 8 times and rival solutions by up to twice in energy efficiency.

EVS continues to expand its solutions by integrating third-party components. Providius, a media network performance monitoring platform, now serves as a premium solution partner with Cerebrum, ensuring seamless operation of LiveIP networks. Cerebrum now supports an extended range of touch panels, offering customers a wider selection for efficient control over broadcast equipment and workflows.

In addition, MediaCeption solutions have been reinforced to seamlessly integrate with VizRT newsroom playout automation, enhancing the scope of innovations within the software production server.

Lastly, EVS remains steadfast in developing cybersecurity across its product portfolio. The NAB breakfast, co-hosted by EVS in collaboration with Arista and Providius, focused on cybersecurity and witnessed full attendance. This underscores the industry's growing interest in this domain and reaffirms EVS's commitment to its Environmental, Social, and Governance (ESG) objectives.

Corporate topics

2024 is an important year for EVS: we celebrate 30 years of broadcast innovation. Centered around the theme of "Family & Friends Together for Live", EVS will engage with the global community in live production around these festivities.

In the first quarter of 2024 we renewed our EcoVadis rating: for a second consecutive year, our ESG strategy was awarded with a silver medal. This rating recognizes our reinforced commitment to sustainability and ranks EVS at the forefront of companies implementing ESG policies.

Another important event marking our sustainability agenda, is the fact that EVS entered the BEL ESG index in March. The BEL ESG index, published by Euronext, serves as a benchmark for investors and shareholders seeking companies that prioritize sustainability and responsible business practices.

Finally, on the social forefront of our ESG agenda, we have also renewed our Top Employer status (second year in a row).

In 2024 we will continue and progress on our ESG journey. We will renew our carbon footprint exercise with focus on quality and consistency of data points, we will start the roll out of the CSRD requirements for 2025 and we will continue to put focus on those actions that really matter.

From a security point of view, we will carefully monitor the evolution of the NIS2 requirements, and ensure that we remain at the forefront of this evolution.

From a tooling perspective, we want to continue build on our backbone that we have put in place over the last years. We focus on unlocking the full power of our ERP implementation but also develop new tooling to ensure optimal efficiency. This year we will implement a new Configure, Price & Quoting tool (CPQ) and we will focus our efforts to implement a fully operational On Demand Activation of our licenses.

As the macro-economic environment is still quite volatile, it is important that we continue to focus on the profitability of our solutions. We systematically monitor the pricing models and strategy, to cope with market realities and trends. This resulted in new list prices announced in March 2024.

In terms of team members, we expect a net increase in the number of team members during the year as we accelerate our growth in North America.

Outlook

The 2024 secured revenue on March 31st reaches EUR 135.6 million. Based on this measure, we are reconfirming our revenue guidance for the full year from EUR 180-195 million.

The gross margin for the full year 2024 is expected to decline marginally as a result of a change in the solution mix. The gross margin by solution is expected to evolve positively, with any impact of rising costs of components being reflected in the price increases modelled. The most recent price increase was introduced in March 2024.

Operational expenses continue to be closely monitored and controlled. At the end of 2023 we have gradually grown our team member base again (after some months of stabilization). The investments are continuing in 2024 and are primarily focussing on reinforcing our teams in North America.

With the revenue guidance reconfirmed, we also introduce an EBIT guidance for the year to be in the range of EUR 38.0 – 45.0 million.

Dividend

We reiterate the full year 2024 expected dividend distribution of EUR 1.10 per share, which remains subject to market conditions and to the approval of the Ordinary General Meeting of Shareholders.

Corporate Calendar

May 21th, 2024: General Assembly

August 13th, 2024: Q2 and H1 2024 results (post closing of the market)

November 14th, 2024: Q3 2024 Trading update (post closing of the market)

For more information, please contact:

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* representing a SRL

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 us

We create return on emotion

EVS is globally recognized as the leading provider in live video technology for broadcast and new media productions. Spanning the entire production process, EVS solutions are trusted by production teams worldwide to deliver the most gripping live sports images, buzzing entertainment shows and breaking news to billions of viewers every day – and in real-time. As we continue to expand our footprint, our dedication to sustainable growth for both our business and the industry is clearly demonstrated through our ESG strategy. This commitment is not only reflected in our results, but also in our high ratings from different agencies.

Headquartered in Liège, Belgium, the company has a global presence with offices in Australia, Asia, the Middle East, Europe, North and Latin America, employing over 600 team members and ensuring sales, training and technical support to more than 100 countries.

EVS is a public company traded on Euronext Brussels: EVS, ISIN: BE0003820371. EVS is, amongst others, part of the Euronext Tech Leaders, Euronext BEL ESG and Euronext BEL Mid indices.

For more information, please visit www.evs.com.

