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Regulated information – Press release quarterly results
EVS Broadcast Equipment S.A.: Euronext Brussels (EVS.BR), Bloomberg (EVS BB), Reuters (EVS.BR)

EVS REPORTS SECOND QUARTER 2016 RESULTS

> 2Q16 highlights

- Revenue of EUR 39.8 million, +67.6% compared to low 2Q15 (excl. event rentals and at constant currency)
- Stable recurring Opex (reported opex down by 3.0% compared to 2Q15, which included some one-time extra cost)
- EBIT margin of 43.7%, net profit of EUR 12.6 million, EPS of EUR 0.93

> 1H16 highlights

- Revenue of EUR 66.6 million, +37.2% compared to 1H15 (excl. event rentals and at constant currency) thanks to a strong 2Q16.
- Operating expenses under control (+0.5% compared with 1H15)
- EBIT margin of 37.4% due to high sales (or 35.8% EBIT margin excluding *other revenues*)
- Net profit of EUR 17.5 million, EPS of EUR 1.29

> 2016 outlook

- Order book of EUR 41.4 million on August 24, 2016 (to be invoiced in 2016), which includes EUR 8.3 million for big event rentals
 - > +12.5% compared to 2015; +1.2% vs last big events year (2014)
- Revenue in 2016 is expected to be between EUR 128 million and EUR 138 million (incl. around EUR 12 million of big event rentals)
- Stable to slight opex growth in 2016

KEY FIGURES

Unaudited			EUR millions, except earnings per share expressed in EUR	Reviewed		
2Q16	2Q15	2Q16/2Q15		1H16	1H15	1H16/1H15
39.8	23.3	+70.7%	Revenue	66.6	47.4	+40.5%
30.7	15.5	+97.8%	Gross margin	49.7	32.8	+51.6%
77.3%	66.7%	-	Gross margin %	74.6%	69.1%	-
17.4	1.9	N/A	Operating profit – EBIT	24.9	7.4	N/A
43.7%	8.2%	-	Operating margin – EBIT %	37.4%	15.6%	-
12.6	0.7	N/A	Net profit (Group share)	17.5	5.5	N/A
0.93	0.05	N/A	Basic earnings per share (Group share)	1.29	0.41	N/A

COMMENTS

“The big sporting events of this summer in France and Brazil pushed the boundaries in terms of viewer experience and excitement, scale and increased production flexibility. EVS has once more demonstrated its leading capabilities in terms of remote production, 4K, IP and multiplatform delivery”, said Muriel De Lathouwer, Managing Director and CEO of EVS.

Commenting on the results and prospects, Yvan Absil, CFO, said: “Our second quarter sales were strong in all regions, in the context of this big event year. Thanks to the high sales and the costs that remain under control, the EBIT margin for the quarter was 43.7%, and the EPS EUR 0.93. The order book remains at a good level. For 2016, we now expect revenue to be between EUR 128 million and EUR 138 million, including around EUR 12 million of rentals from big events (the remaining EUR 8 million will be booked in 3Q16), and stable or slightly higher opex compared to 2015.”

Revenue in the 2Q16 and 1H16

2Q16	2Q15	%2Q16/ 2Q15	Revenue – EUR millions	1H16	1H15	% 1H16/ 1H15
39.8	23.3	+70.7%	Total reported	66.6	47.4	+40.5%
40.1	23.3	+72.0%	Total at constant currency	66.6	47.4	+40.5%
36.2	21.6	+67.6%	Total at constant currency and excluding big event rentals	62.7	45.7	+37.2%

EVS revenue amounted to EUR 39.8 million in 2Q16, a 70.7% increase (+67.6% at constant currency and excluding big event rentals) compared to 2Q15, or +11.8% compared to 2Q14 (last even year). Sales of solutions in Outside broadcast vans represented 55.9% of the total group sales. Studio & others sales represented 34.3% of total sales, and big events represented 9.8% in 2Q16.

In 1H16, EVS revenue reached EUR 66.6 million, an increase by 40.5% (+37.2% at constant currency and excluding the big event rentals) compared to 1H15. In the first half of the year, Outside Broadcast vans represented 56.0%, Studio & others 38.1% and Big events rentals 5.9%.

Geographically, sales (excl. big event rentals) are distributed in 1H16 as follows:

- Europe, Middle-East and Africa (“EMEA”): EUR 22.1 million
- “Americas”: EUR 25.2 million
- Asia & Pacific (“APAC”): EUR 15.4 million

Second quarter 2016 results

Consolidated gross margin was 77.3% for 2Q16, compared to 66.7% in 2Q15 due to higher sales and the positive impact of the product mix. Operating expenses decreased by 3.0%, mainly due to exceptional costs incurred in 2015 following the closing of the Chengdu (China) development center and some R&D subsidies received in 2016. This leads to a 2Q16 EBIT margin of 43.7%, compared to 8.2% in 2Q15. Group net profit amounted to EUR 12.6 million in 2Q16, compared to EUR 0.7 million in 2Q15. Basic net profit per share amounted to EUR 0.93 in 2Q16, compared to EUR 0.05 in 2Q15.

First half 2016 results

Consolidated gross margin was 74.6% for 1H16, compared to 69.1% in 1H15 due to higher sales and the positive impact of the product mix. Operating expenses grew by 0.5% yoy, and remain under control. The other revenues include among other a capital gain on assets held for sale booked in 1Q16. This leads to a 1H16 EBIT margin of 37.4% (35.8% excluding *other revenues*), compared to 15.6% in 1H15. Group net profit amounted to EUR 17.5 million in 1H16, compared to EUR 5.5 million in 1H15. Basic net profit per share amounted to EUR 1.29 in 1H16, compared to EUR 0.41 in 1H15.

Staff

At the end of June 2016, EVS employed 482 people (FTE), +2.3% compared to 471 at the end of June 2015, and 485 at the end of 2015. The Chengdu office (China) was closed at the end of 2Q15, followed by some recruitments in the headquarters in Liège to offset the closing.

Balance sheet and cash flow statement

Total equity represented 60.3% of total balance sheet at the end of June 2016. Inventories amounted to EUR 16.3 million, including around EUR 3.0 million value of own equipment used for R&D and demos of EVS products. Inventories include most of the equipment used around the big sporting events. In the liabilities, provisions include mainly the provision for technical warranty on EVS products for labor and parts.

Lands and building mainly include the new headquarters in Liège. Depreciation on the building started in 2Q15 and will be approximately EUR 2.1 million on a full year basis. Liabilities include EUR 22.2 million financial debt (including long term and short term portion of it) relating to the new building. The company already started to repay it in 2015 with installment of around EUR 5.2 million reimbursement per year.

The net cash from operating activities amounted to EUR 21.0 million in 1H16. On June 30, 2016, the group balance sheet showed EUR 33.3 million in cash and cash equivalents.

At the end of June 2016, there were 13,625,000 EVS outstanding shares, of which 119,111 were owned by the company. At the same date, 252,750 warrants were outstanding with an average strike price of EUR 40.84 and an average maturity in March 2017.

2016 outlook

The order book (to be invoiced in 2016) on August 24, 2016 amounts to EUR 41.4 million, which is +12.5% compared to EUR 36.8 million last year (-9.6% excl. the big event rentals: EUR 8.3 million in 2016), or +1.2% vs big event year 2014.

In addition to this order book to be invoiced in 2016, EVS already has EUR 16.9 million of orders to be invoiced in 2017 and beyond.

The adoption of the new technologies (4K, IP) is progressing across all geographies. For 2016, we expect revenue to be between EUR 128 million and EUR 138 million (incl. around EUR 12 million of rentals relating to the big sporting events). We also expect stable or slightly higher opex.

Conference call

EVS will hold a conference call in English today at 3:30 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), +1 646 851 2407 (United States)
Conference call ID: 959744

Corporate Calendar:

Thursday August 25, 2016: 2Q16 results
September 9-13: IBC tradeshow (Amsterdam, NL)
Thursday November 10, 2016: 3Q16 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.

Condensed consolidated financial statements

ANNEX 1: CONDENSED CONSOLIDATED INCOME STATEMENT

(EUR thousands)	Annex	1H16 Reviewed	1H15 Reviewed	2Q16 Unaudited	2Q15 Unaudited
Revenue	5.3	66,638	47,427	39,771	23,305
Cost of sales		-16,952	-14,654	-9,029	-7,765
Gross profit		49,686	32,773	30,743	15,540
Gross margin %		74.6%	69.1%	77.3%	66.7%
Selling and administrative expenses		-13,885	-12,891	-7,444	-7,126
Research and development expenses		-11,279	-12,135	-5,448	-6,161
Other revenue		1,069	273	27	183
Other expenses		-194	-127	-92	-89
Stock based compensation and ESOP plan		-463	-497	-413	-435
Operating profit (EBIT)		24,935	7,396	17,373	1,912
Operating margin (EBIT) %		37.4%	15.6%	43.7%	8.2%
Interest revenue on loans and deposits		6	49	2	5
Interest charges		-273	-234	-141	-156
Other net financial income / (expenses)	5.6	-508	487	146	-802
Share in the result of the enterprise accounted for using the equity method		62	63	35	32
Profit before taxes (PBT)		24,222	7,762	17,415	990
Income taxes	5.7	-6,756	-2,296	-4,812	-322
Net profit		17,466	5,465	12,603	669
Attributable to :					
Non controlling interest		-	-	-	-
Equity holders of the parent company		17,466	5,465	12,603	669

	1H16 Reviewed	1H15 Reviewed	2Q16 Unaudited	2Q15 Unaudited
EARNINGS PER SHARE (in number of shares and in EUR)				
Weighted average number of subscribed shares for the period less treasury shares	13,497,695	13,487,016	13,500,308	13,489,502
Weighted average fully diluted number of shares	13,755,714	13,855,872	13,753,883	13,855,960
Basic earnings – share of the group	1.29	0.41	0.93	0.05
Fully diluted earnings – share of the group ⁽¹⁾	1.27	0.39	0.92	0.05

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(EUR thousands)	1H16 Reviewed	1H15 Reviewed	2Q16 Unaudited	2Q15 Unaudited
Net profit	17,466	5,465	12,603	669
Other comprehensive income of the period				
Currency translation differences	-95	315	135	-177
Other increase/(decrease)	-370	-229	-90	-287
Total comprehensive income for the period	17,001	5,551	12,649	205
Attributable to :				
Non controlling interest	-	-	-	-
Equity holders of the parent company	17,001	5,551	12,649	205

(1) Excluding 252,750 warrants that were not exercisable at the end of June 2016, fully diluted earnings per share in 1H16 would have been EUR 1.29.

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

ASSETS (EUR thousands)	Notes	June 30, 2016 Reviewed	Dec. 31, 2015 Audited
Non-current assets :			
Goodwill		1,125	1,125
Other intangible assets		439	404
Lands and buildings	5.11	47,779	48,054
Other tangible assets		3,592	3,586
Investment accounted for using equity method		982	920
Other financial assets		277	273
Total non-current assets		54,195	54,362
Current assets :			
Inventories		16,338	15,568
Trade receivables		34,440	36,254
Other amounts receivable, deferred charges and accrued income		4,279	3,620
Other financial assets		1,475	1,118
Cash and cash equivalents		33,287	22,572
Total current assets		89,820	79,131
Assets classified as held for sale	5.11	4,016	5,051
Total assets		148,030	138,544
EQUITY AND LIABILITIES (EUR thousands)			
Equity :			
Capital		8,342	8,342
Reserves		91,512	80,699
Interim dividends	5.5	-	-6,747
Final dividend	5.5	-6,753	-
Treasury shares		-4,548	-4,960
Total consolidated reserves		80,212	68,993
Translation differences		721	816
Equity attributable to equity holders of the parent company		89,275	78,152
Non-controlling interest		6	6
Total equity	4	89,281	78,157
Long term provisions		1,429	1,132
Deferred taxes liabilities		1,783	1,678
Financial long term debts	5.11	17,250	19,600
Other long term debts		1,160	1,160
Non-current liabilities		21,622	23,570
Short term portion of financial debts	5.11	4,950	5,200
Trade payables		4,570	4,987
Amounts payable regarding remuneration and social security		7,978	9,879
Income tax payable		8,362	7,658
Other amounts payable, advances received, accrued charges and deferred income		11,265	9,094
Current liabilities		37,126	36,817
Total equity and liabilities		148,030	138,544

ANNEX 3: CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(EUR thousands)	Notes	1H16 Reviewed	1H15 Reviewed
Cash flows from operating activities			
Operating Profit (EBIT)		24,935	7,396
Adjustment for non-cash items :			
- Depreciation and write-offs on fixed assets	5.11	1,613	1,221
- Stock based compensation and ESOP	1, 4	463	497
- Provisions and deferred taxes increase (+) / decrease (-)		403	-289
		27,414	8,825
Increase (+) / decrease (-) of cash flows			
- Amounts receivable		1,814	5,420
- Inventories		-770	-726
- Trade debts		-417	1,690
- Remuneration, social security and taxes debts		-1,195	-5,865
- Other items of the working capital		930	834
<i>Cash generated from operations</i>		<i>27,775</i>	<i>10,179</i>
Interest received		6	49
Income taxes	5.7	-6,756	-2,296
Net cash from operating activities		21,025	7,931
Cash flows from investing activities			
Purchase (-) / disposal (+) of intangible assets		-115	-99
Purchase (-) / disposal (+) of property, plant and equipment	5.11	488	-3,419
Purchase (-) / disposal (+) of other financial assets		-5	6,512
Net cash used in investing activities		368	2,994
Cash flows from financing activities			
Operations with treasury shares	4, 5.4	412	404
Other net equity variations		-465	86
Interest paid		-273	-234
Movements on long-term borrowings	5.11	-3,600	-4,158
Final dividend paid		-6,753	-13,495
Net cash used in financing activities		-10,678	-17,397
Net increase (+) / decrease (-) in cash and cash equivalents		10,715	-6,472
Cash and cash equivalents at beginning of period		22,572	25,556
Cash and cash equivalents at end of period		33,287	19,084

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
Balance as per December 31, 2014	8,342	70,165	-5,364	371	73,514	6	73,520
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
Balance as per June 30, 2015	8,342	62,413	-4,960	686	66,481	6	66,487

(EUR thousands)	Issued capital	Other reserves	Treasury shares	Currency translation differences	Equity attributable to shareholders of the parent company	Non-controlling interest	Total equity
Balance as per December 31, 2015	8,342	73,953	-4,960	816	78,151	6	78,157
Total comprehensive income for the period		17,096		-95	17,001		17,001
Share-based payments		463	412		875		875
Final dividend		-6,753			-6,753		-6,753
Balance as per June 30, 2016	8,342	84,759	-4,548	721	89,276	6	89,281

ANNEX 5: NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**NOTE 5.1: BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**

The consolidated financial statements of EVS Group for the 6 month-period ended June 30, 2016, are established and presented in accordance with "IAS 34 Interim Financial Reporting", as adopted for use in the European Union.

NOTE 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 2015 consolidated financial statements. The Company's IFRS accounting policies and methods are available in the 2015 annual report on www.evs.com.

The new standards, interpretations and revisions that became mandatory for the Company on January 1, 2016 are the following:

- IFRS 10, IFRS 12 and IAS 28: Investment entities: Applying the consolidation exemption – Amendments to IFRS 10, IFRS 12 and IAS 28;
- IFRS 10 and IAS 28: Sale or contribution of assets between an Investor and Its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28;
- IFRS 11: Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11;
- IFRS 14: Regulatory Deferral Accounts;
- IAS 1: Disclosure Initiative – Amendments to IAS 1;
- IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization – Amendments to IAS 16 and IAS 38;
- IAS 16 and IAS 41: Agriculture – Bearer Plants – Amendments to IAS 16 and IAS 41;
- IAS 27: Equity Method in Separate Financial Statements – Amendments to IAS 27;
- Annual Improvements Process:
 - IFRS 5: Non-Current Assets Held For Sale and Discontinued Operations – Changes in methods of disposal;
 - IFRS 7: Financial Instruments – Disclosures – Servicing Contracts;
 - IFRS 7: Financial Instruments – Disclosures – Applicability of the offsetting disclosures to condensed interim financial statements;
 - IAS 19: Employee Benefits – Discount Rate: regional market issue;
 - IAS 34: Interim Financial Reporting – Disclosure of information 'elsewhere in the interim financial report'.

The new standards, interpretations and revisions that became mandatory on January 1, 2016 had no impact on the interim condensed financial statements as of June 30, 2016.

Starting 2018, IFRS 15 Revenues from contracts will be applicable for the Company. Considering the needs to present comparative information, and the fact that IFRS 15 will require a retrospective – or a limited retrospective – application, the Company has started an analysis of its contracts with customers to identify whether the application of the new standard will impact the financial statements of the Company. At this stage, no significant differences with current practices have been identified.

NOTE 5.3: SEGMENT REPORTING**3.1. 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, 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.

3.2. Additional information

3.2.1. 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.

2Q16	2Q15	% 2Q16/ 2Q15	Revenue (EUR thousands)	1H16	1H15	% 1H16/ 1H15
22,213	12,667	+75.4%	Outside broadcast vans	37,306	29,657	+25.8%
13,645	8,914	+53.1%	Studio & others	25,418	16,047	+58.4%
3,914	1,723	+127.1%	Big sporting event rentals	3,914	1,723	+127.1%
39,771	23,305	+70.7%	Total Revenue	66,638	47,427	+40.5%

3.2.2. 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”.

3.2.2.1. Revenue

Revenue for the quarter (EUR thousands)	APAC excl. events	EMEA excl. events	Americas excl. events	Big event rentals	TOTAL
2Q16 revenue	7,711	13,500	14,647	3,914	39,771
Evolution versus 2Q15 (%)	+35.9%	+52.5%	+107.6%	+127.1%	+70.7%
Variation versus 2Q15 (%) at constant currency	+35.9%	+52.5%	+112.1%	+127.1%	+72.0%
2Q15 revenue	5,674	8,854	7,054	1,723	23,305

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 39.2 million in the last 12 months).

3.2.2.2. Long term assets

Considering the explanations given in 5.3.1., all long term assets are located in the parent company EVS Broadcast Equipment SA in Belgium.

3.2.3. Information on systems and services

Revenue can be presented by nature: systems and services.

2Q16	2Q15	% 2Q16/ 2Q15	Revenue (EUR thousands)	1H16	1H15	% 1H16/ 1H15
36,796	21,796	+68.8%	Systems	61,445	44,780	+37.2%
2,975	1,509	+97.2%	Services	5,194	2,648	+96.2%
39,771	23,305	+70.7%	Total Revenue	66,638	47,427	+40.5%

Services include advices, installations, project management, training, maintenance, distant support that are recognized as revenue.

3.2.4. Information on important clients

No external client of the company represents more than 10% of the sales over the last 12 months.

NOTE 5.4: EQUITY SECURITIES

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

	2016	2015
Number of own shares at January 1	129,917	140,498
Acquisition of own shares on the market	-	-
Sale of own shares on the market	-	-
Allocation to Employees Profit Sharing Plans	-10,806	-10,581
Sales related to Employee Stock Option Plan (ESOP) and other transactions	-	-
Own shares cancellation	-	-
Number of own shares at June 30	119,111	129,917
Outstanding warrants at June 30	252,750	358,650

In 1H16, 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 17, 2016 approved the allocation of 10,806 shares to EVS employees (grant of 37 shares to each staff member in proportion to their effective or assimilated time of occupation in 2015) as a reward for their contribution to the group successes. At the end of June 2016, the company owned 119,111 own shares at an average historical price of EUR 38.18. At the same date, 252,750 warrants were outstanding (no grant, no exercise and 14,050 cancellation in 1H16) with an average strike price of EUR 40.84 and an average maturity of March 2017.

NOTE 5.5: DIVIDENDS

The Ordinary General Meeting of May 17, 2016 approved the payment of a total gross dividend of EUR 1.00 per share, including the interim dividend of EUR 0.50 per share paid in November 2015, leading to a final gross dividend of EUR 0.50 per share, for digital coupon # 22, ex-date May 24 and pay date May 26.

(EUR thousands)	# Coupon	2016	2015
- Final dividend for 2014 (EUR 1.00 per share less treasury shares)	20	-	13,495
- Interim dividend for 2015 (EUR 0.50 per share less treasury shares)	21	-	6,747
- Final dividend for 2015 (EUR 0.50 per share less treasury shares)	22	6,753	-
Total paid dividends		6,753	20,242

NOTE 5.6: OTHER NET FINANCIAL INCOME / (EXPENSES)

(EUR thousands)	1H16	1H15
Exchange results from statutory accounts	-369	-946
Exchange results relating to IFRS consolidation methodology	-194	1,407
Other financial results	55	26
Other net financial income / (expenses)	-508	487

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 5.9.

NOTE 5.7: 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)	1H16	1H15
Reconciliation between the effective tax rate and the theoretical tax rate		
Reported profit before taxes, share in the result of the enterp. accounted for using the equity method	24,160	7,698
Reported tax charge based on the effective tax rate	-6,756	-2,296
Effective tax rate	28.0%	29.8%
Reconciliation items for the theoretical tax charge		
Tax effect of deduction for notional interests	-79	-88
Tax effect of non-deductible expenditures	153	162
Tax effect due to the carry-over taxation for gains on building disposals	-235	-
Tax effect on R&D investment deductions	-722	-171
Other increase / (decrease)	174	-32
Total tax charge of the group entities computed on the basis of the respective local nominal rates	-7,465	-2,425
Theoretical tax rate	30.9%	31.5%

NOTE 5.8: HEADCOUNT

(in full time equivalents)	At June 30	Three-months average
2016	482	483
2015	471	485
<i>Variation</i>	+2.3%	-0.4%

Main reason for the staff increase compared to 2015 is the closing of the EVS development center in Chengdu (China) in June 2015. It employed 34 people at the time of the closing. Ongoing developments made in China were transferred in new headquarter in Liège, where 11 people were recruited in 2H16 for this purpose.

NOTE 5.9: 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
2016	1.1159	1.1292	1.1102
2015	1.1158	1.1053	1.1189
<i>Variation</i>	0.0%	-2.1%	+0.8%

For 2Q16, the average US dollar exchange rate against the Euro decreased by 2.1%. It had a negative impact on 2Q16 revenue of EUR 0.3 million, or 1.3%.

NOTE 5.10: FINANCIAL INSTRUMENTS

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

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, 2016, the group held USD 6.0 million in forward exchange contracts, with an average maturity date of February 2017, and an average exchange rate of EUR/USD of 1.1130.

NOTE 5.11: FINANCIAL DEBT

In order to partially finance its new HQ and operating facilities, EVS has drawn down a total of EUR 30 million loans. EVS already started to pay these loans down, and will gradually do so until 2020. In 2015, EUR 5.2 million have been reimbursed. In 2016, another EUR 5.2 million will be reimbursed, of which EUR 1.4 million were paid in 1H16.

NOTE 5.12: PENSION PLANS

The employees of EVS Broadcast Equipment SA benefit from a group insurance. In this context, EVS makes a contribution for each employee to the insurance companies. EVS benefits from a minimum return guaranteed by the insurance companies which set up the plans, and this until December 31, 2016 (minimum return requirement of the contributions, as required by law).

In the most recent financial statements (December 31, 2015) and in the interim reporting as at June 30, 2016, the existing pension plans have been treated as “defined contribution” plans. However, in accordance with IAS 19R “Employee Benefits”, a consensus emerged for the accounting treatment of “Belgian plans” and these plans must now be treated as “defined benefit” plans. EVS currently determines the actuarial assumptions (including staff turnover or salary increases) to consider in the implementation of the “Projected Unit Credit Method” (for the 2016 financial statements), pursuant to IAS 19R “Employee Benefits”.

NOTE 5.13 SUBSEQUENT EVENTS

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

NOTE 5.14: RISK AND UNCERTAINTIES

Investing in the stock of EVS involves risks and uncertainties. The risks and uncertainties relating to the remainder of the year 2016 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).

NOTE 5.15: CONFLICTS OF INTEREST – RELATED PARTIES TRANSACTIONS

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

Report of the statutory auditor on the accounting data presented in the semi-annual communiqué of EVS Broadcast Equipment SA

We have compared the accounting data presented in the semi-annual communiqué of EVS Broadcast Equipment SA with the interim condensed consolidated financial statements as at June, 30 2016, which show a balance sheet total of € 148.030.137 and net income (group share) for the period of € 17.465.596. We confirm that these accounting data do not show any significant discrepancies with the interim condensed consolidated financial statements.

We have issued a review report on these interim condensed consolidated financial statements, in which we declare that, based on our review, nothing has come to our attention that causes us to believe that these interim condensed consolidated financial statements are not prepared, in all material aspects, in accordance with IAS 34 Interim Financial Reporting, as adopted for use in the European Union.

Liège, August 23, 2016

Ernst & Young Réviseurs d'Entreprises SCCRL
Statutory auditor
represented by

Marie-Laure Moreau
Partner*
* Acting on behalf of a BVBA/SPRL

Certification of responsible persons

Muriel De Lathouwer, Managing Director & CEO
Yvan Absil, CFO

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 first six months of 2016, 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.