

EVS Broadcast Equipment

2017 results

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www.evs.com



FORWARD LOOKING INFORMATION

The statements made in this presentation that are not historical facts contain forward-looking information that involves risks and uncertainties. All statements, other than statements of historical fact, which address EVS Group's ("EVS", "the Group" or the "Company") expectations, should be considered as forward-looking statements. Such statements made by EVS are based on knowledge of the environment in which it currently operates, but because of factors beyond its control, actual results may differ materially from the expectations expressed in the forward-looking statements. Important factors that may cause actual results to differ from anticipated results include, but are not limited to, financing risk, acquisition risk, changes in technology, and other risks as outlined in the filings with securities regulators and can also be found at www.evs.com.

HIGHLIGHTS

2017

- In a year without any big event and in a changing environment, we maintained our leadership in our core business and developed new products to enter in new markets or seize new opportunities
- Key financials were in line with guidance

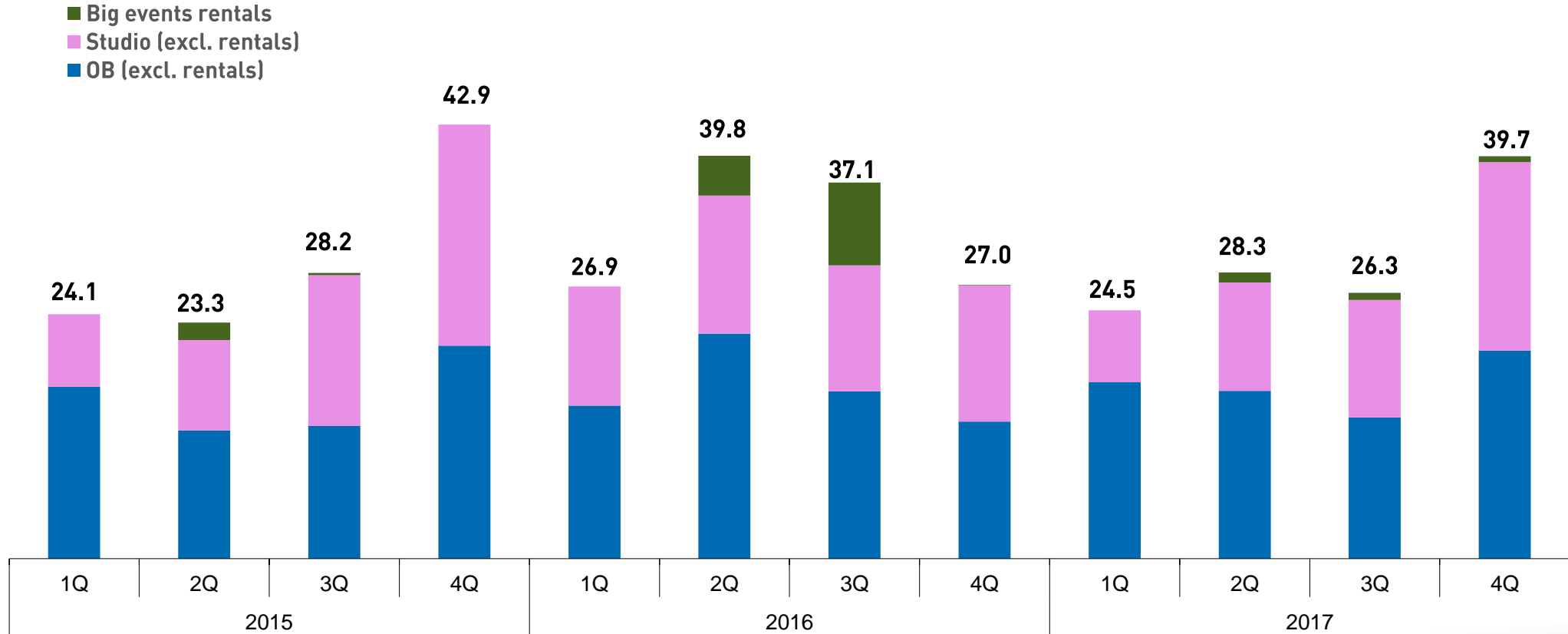
2018

- We pursue our plans: execute and deliver what is in progress.
- We also continue to bring innovation on the market, with a particular focus on applications based on our pioneering work in artificial intelligence

AGENDA

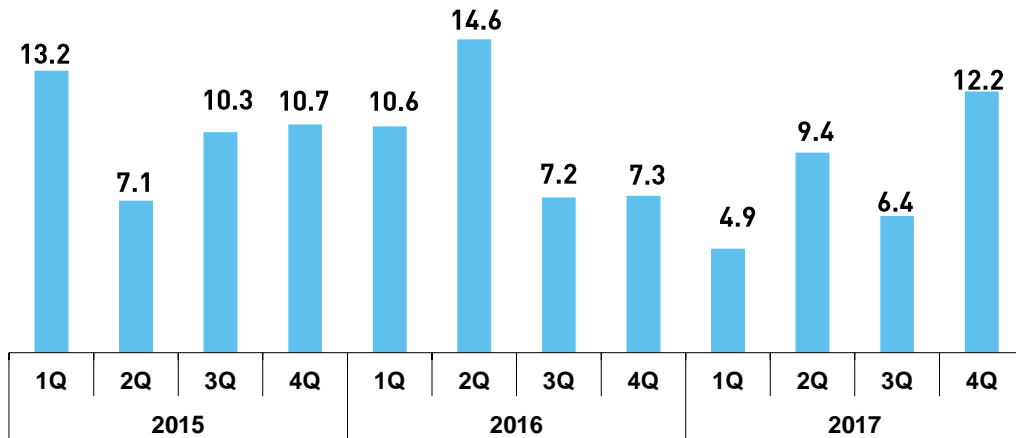
- ▶ Financial review
- ▶ Business highlights
- ▶ Outlook

Q4 REVENUE: EUR 39.7 million



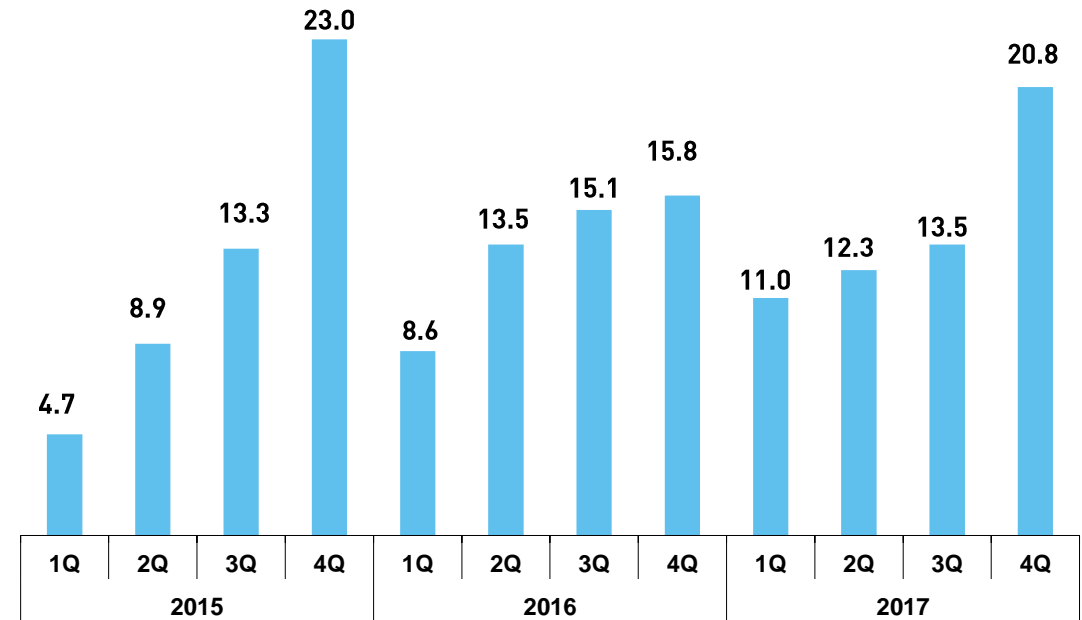
Q4 REVENUE: GEOGRAPHICAL SPLIT

Americas (excl. events)



Revenues: FY 2017 EUR 32.8 million

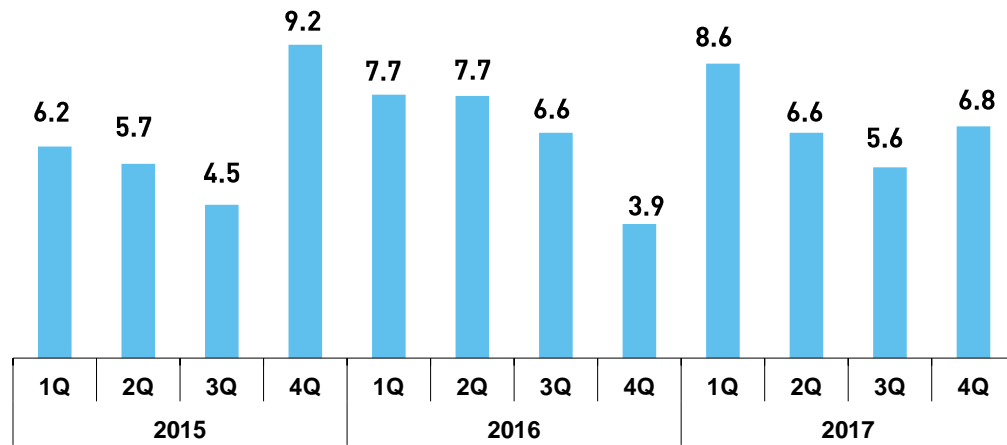
EMEA (excl. events)



Revenues: FY 2017 EUR 57.7 million

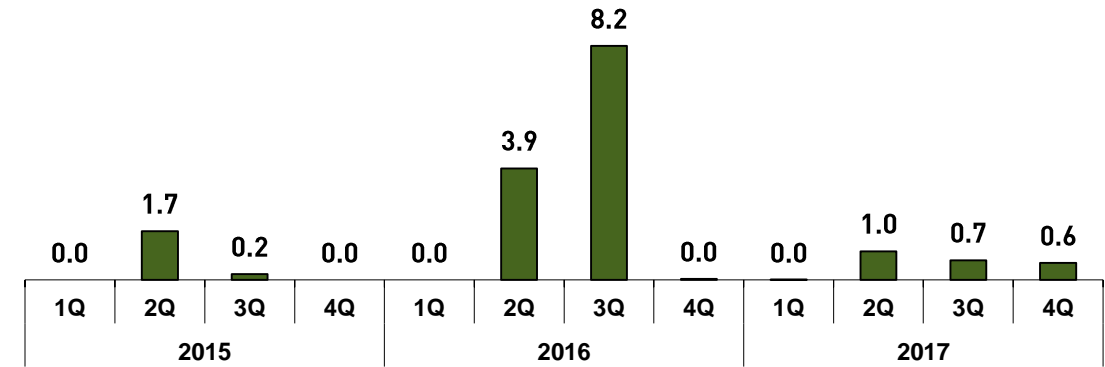
Q4 REVENUE: GEOGRAPHICAL SPLIT

APAC (excl. Events)



Revenues: FY 2017: EUR 28.3m

Big event rentals



Revenues: FY 2017: EUR 2.3 m

4Q17

In millions of EUR	4Q17	4Q16
REVENUE	39.7	27.0
Cost of sales	-9.0	-7.9
Gross margin	30.8	19.1
Gross margin %	77.4%	70.8%
S&A	-7.8	-6.5
R&D	-6.6	-6.2
EBIT	16.5	6.5
EBIT MARGIN	41.6%	24.0%
Financial result	-0.9	0.5
Taxes	-4.7	-2.2
NET PROFIT	11.0	4.9
BASICS EPS ¹⁾	0.82	0.36

1) Basic EPS is computed on the adjusted number of shares, i.e. less own shares

▶ Gross margin

- + Higher sales
- + USD exchange rate on purchase of components
- + Product mix

▶ Opex: +12.9% vs 4Q16

- ▶ SG&A: +20.2%: swing in one-time elements (+ in 2016, - in 2017)
- ▶ R&D: +5.3%: new product developments partially offset by more tax credit in France

▶ EBIT margin of 41.6%

▶ ETR: 29.7%

- ▶ ETR of 28.3% excluding changes in the DTA due to the 2018 tax reform

▶ EPS: EUR 0.82



2017

In millions of EUR	2017	2016
REVENUE	118.8	130.8
Cost of sales	-31.2	-33.7
Gross margin	87.6	97.2
Gross margin %	73.7%	74.3%
S&A	-28.1	-27.5
R&D	-25.0	-23.7
Other revenues	1.3	1.2
EBIT	34.9	46.2
EBIT MARGIN	29.4%	35.3%
Financial result	-1.5	-0.4
Taxes	-9.6	-13.1
NET PROFIT	23.9	32.8
BASICS EPS ¹⁾	1.77	2.43

1) Basic EPS is computed on the adjusted number of shares, i.e. less own shares

▶ Gross margin:

- Lower sales
- Product mix
- + Lower write-offs

▶ Opex: +3.6% vs 2016, of which 1.2% structural salary increases in Belgium

- ▶ R&D: +5.4% : New product developments

▶ Other revenues

- ▶ One-time gain on reversal provision (Earn out SVS) in 2017
- ▶ One-time gain on sale of building in 2016

▶ EBIT margin of 29.4% (28.3% excluding Other revenues)

▶ ETR: 28.8%

- ▶ 28,1% ETR excluding revision of DTA due to the 2018 tax reform in Belgium

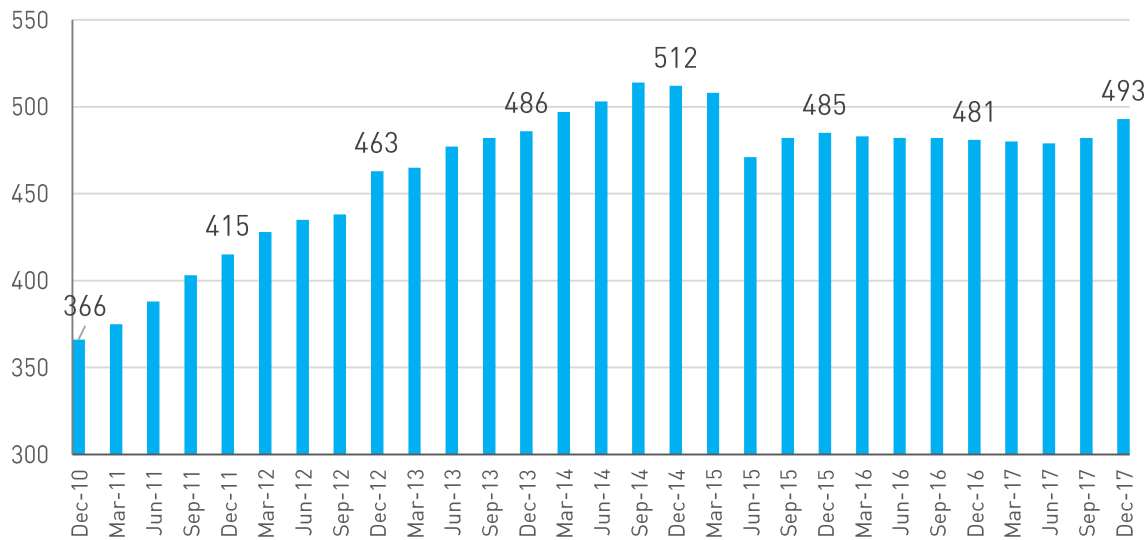
▶ EPS: 1.77€



FTE EVOLUTION

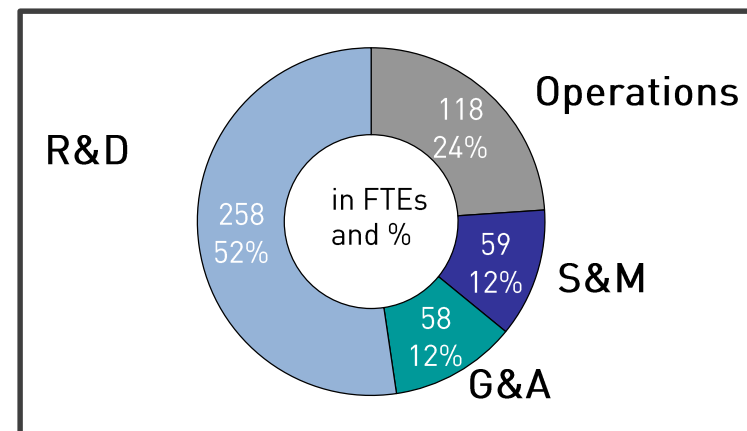
493 FTE at the end of December 2017

Headcount evolution (FTE)



- +12 FTE vs 31/12/2016 (mainly in R&D)
- +20 people expected in 1Q18
- Average 481 FTE in FY17

Headcount 12/2017 (FTE)



STRONG BALANCE SHEET

EUR 39.4 million cash

In millions of EUR	Sept 2017	Dec. 2016
ASSETS		
Goodwill and intangibles	1.4	1.5
Lands and buildings	45.8	46.8
Investments at equity	1.1	1.0
Inventories	15.7	13.5
Receivables	33.1	24.9
Cash	39.4	53.2
Assets held for sale	4.0	4.0
Deferred tax assets	3.3	4.1
Other assets	9.1	11.3
Total assets	152.9	160.3
EQUITY AND LIABILITIES		
Total equity	105.3	97.4
Non-current liabilities	10.6	16.9
Short term portion of financial debt	5.3	5.3
Trade payables	5.9	3.7
Income tax payable	8.9	17.1
Other current liabilities	16.9	19.9
Total equity and liabilities	152.9	160.3

- Healthy balance sheet, with a net cash position of EUR 24.8 million:
 - EUR 39.4 million in cash & cash equivalents
 - Financial long-term debt of EUR 9.3 million (+EUR 5.3 million short term portion)
- Interim dividend of EUR 0.50 at the end of November
- Proposed final dividend of EUR 0.50 to be paid in May 2018
- Receivables: strong business at the end of the year
- Income tax payable: timing of past payments

CASH FLOW STATEMENT

In millions of EUR	2017	2016
Net profit, group share	23.9	32.8
Cash generated from operations	27.3	60.7
<i>Income taxes paid</i>	-17.4	-9.5
Net cash from operating activities	9.9	51.2
Net cash used in investing activities	-1.4	-0.8
Net cash used in financing activities	-22.2	-19.9
Cash & cash equivalents (beginning of period)	53.2	22.6
Cash & cash equivalents (end of period)	39.4	53.2

- ▶ EUR 27 million generated from operations
 - ▶ Higher inventories and receivables

- ▶ Limited capex in 2017

- ▶ Tax payments: timing differences with 2016

AGENDA

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PRODUCT PORTFOLIO EXTENSION

BUILD AROUND LIVE VIDEO PRODUCTION



- 4K
- HDR
- IP2110
- #channels
- ...



DVI 
Live Video Production
Switcher


2016



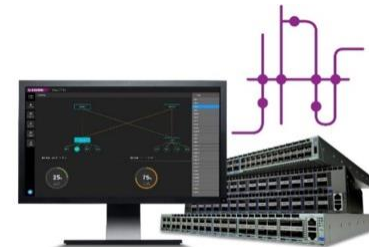
KEEBRA 
Live Video Assistance
for Referees

2017



X-ONE 
All-in-one Live
Production System

1Q18

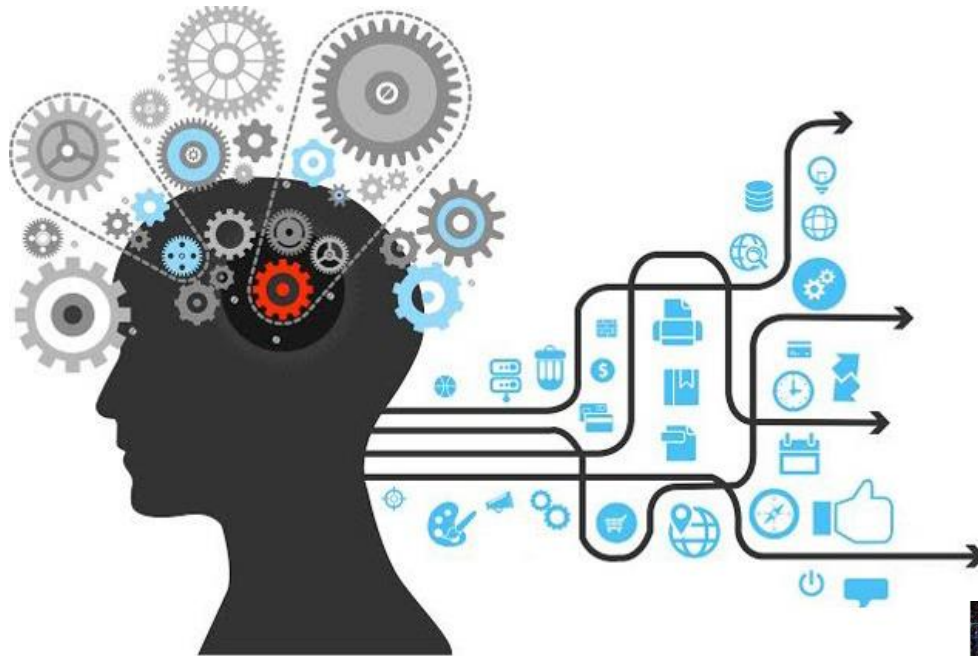


S-CORE 
Live IP Workflow
Infrastructure

1Q18



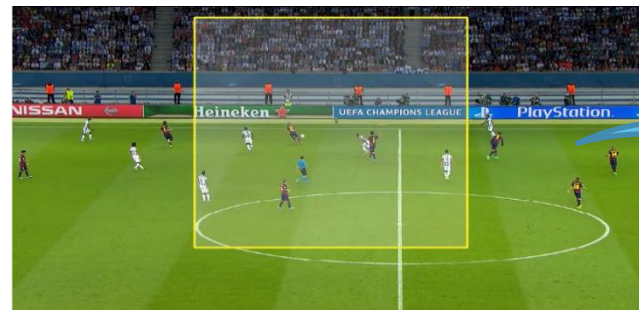
INNOVATION: PIONEERING WORK ON ARTIFICIAL INTELLIGENCE TO BOOST EVS PRODUCTS



Use cases



A.I. DRIVEN CONCEPT 1
Player and Pitch
detection



AI DRIVEN CONCEPT 2
Automatic framing

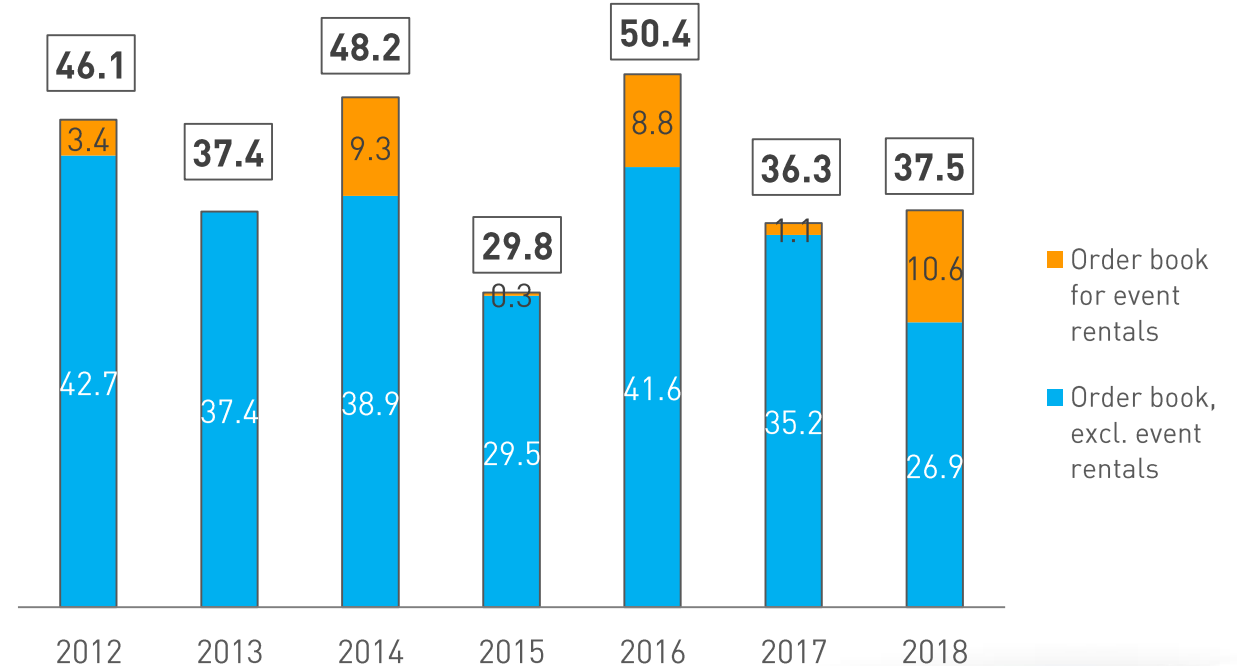
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OUTLOOK – ORDER BOOK AT FEBRUARY 15, 2018: EUR 37.5 MILLION

-23.5% excl. big event rentals

- ▶ Around 55% of the order book is expected to be booked in revenue in 1Q17
- ▶ 60% of the EUR 26.9 million order book is studio related
- ▶ Includes EUR 10.6 million rentals for big events
- ▶ For 2019 and beyond: EUR 4.7 million



OUTLOOK

2018 guidance

- ▶ For 2018, as usual, too early to give a guidance on the revenue level given
 - the volatility of the order book
 - the typical short lead-time of our business.
- ▶ We expect opex to grow moderately compared to 2017, on top of the structural salary increases in Belgium.
- ▶ Following the tax reforms in Belgium and the US, we expect a decrease of the consolidated effective tax rate by approximately 2 percentage points (all other things staying equal, to be fine-tuned depending on the actual level of the revenue and the effective geographical mix).

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