

Publication on November 18, 2014, before market opening
Regulated information – Press release interim financial report
EVS Broadcast Equipment S.A.: Euronext Brussels (EVS.BR), Bloomberg (EVS BB), Reuters (EVS.BR)

EVS REPORTS THIRD QUARTER 2014 RESULTS

Interim gross dividend of EUR 1.00 per share

> **3Q14 highlights**

- Revenue of EUR 36.0 million, +28.6% (+1.3% excl. event rentals and at constant currency), in line with management expectations
- Solid performance Americas and EMEA, record big event rentals
- EBIT of EUR 14.3 million (39.8% EBIT margin), EPS of EUR 0.84

> **Set up of a new internal structure leading to a more efficient decision-making process**

> **Outlook**

- Order book of EUR 18.9 million on October 31, 2014
 - > -35.1% vs. record 2013
 - > In addition, EUR 7.9 million order book for 2015 and beyond
- 2014 guidance:
 - > Live production server market continues to be weak and we confirm the signs of moderate slowdown as observed since August
 - > Confirmation of the revenue (incl. EUR 14.3 million big event rentals) growth at low single digit compared to 2013
 - > Opex growth is now expected to be around 10%
- 2015:
 - > Opex growth is expected to be around 10% (compared to previous expectation of 10% to 15% growth)

KEY FIGURES

Unaudited			EUR millions, except earnings per share expressed in EUR	Unaudited		
3Q14	3Q13	3Q14/3Q13		9M14	9M13	9M14/9M13
36.0	28.0	+28.6%	Revenue	100.9	90.6	+11.4%
26.9	20.5	+31.2%	Gross margin	75.6	69.3	+9.1%
74.9%	73.4%	-	Gross margin %	74.9%	76.5%	-
14.3	8.4	+70.4%	Operating profit – EBIT	37.2	32.5	+14.5%
39.8%	30.0%	-	Operating margin – EBIT %	36.9%	35.9%	-
0.1	0.2	-65.9%	Contribution from dcinex	0.2	0.3	-26.3%
11.3	6.3	+78.5%	Net profit (Group share)	27.3	23.3	+17.1%
0.84	0.47	+78.7%	Basic earnings per share (Group share)	2.02	1.73	+16.7%

COMMENTS

“In my current role of President of the Executive Committee, I have made sure, together with the Executive Committee, that all necessary decisions continue to be taken, and that there is no disruption in the management of the company,” said Muriel De Lathouwer, member of the Board of Directors (also chairing the strategic committee) of EVS. “We have designed a new internal structure that will allow us to have a more efficient decision-making process in place to even better serve our four target markets: Sports, Entertainment, News and Media.”

Commenting on the results and prospects, Magdalena Baron, CFO, said: “Our top line performance in the third quarter was fully in line with expectations. Revenue was up by +28.7% compared to 3Q13 (at constant currency) due to a record level of rentals and led to a higher operating margin (39.8%). Obviously, we continue to be challenged by the weakness of the live production server market, and we confirm the moderate slowdown as observed since August. In this tough market environment we also confirm that sales in 2014 are expected to grow at low single digit compared to 2013. The operating expenses growth is now expected around 10% for 2014. For 2015, while we stay committed to investing in our future growth, we put in place active programs for Opex management, which should result in Opex growth around 10%.”

Revenue in 3Q14 and 9M14

EVS revenue amounted to **EUR 36.0 million in 3Q14**, an increase of 28.6% (+1.3% at constant currency and excluding the big event rentals) compared to 3Q13. Sales of solutions in **Sports** increased by 1.5% (+1.5% at constant currency) to EUR 19.8 million, representing 55.1% of total group sales in 3Q14. **ENM** (Entertainment, News and Media) sales increased by 0.8% in 3Q14 to EUR 8.5 million (0.8% at constant currency). ENM sales represented 23.6% of total sales in 3Q14. **Big events rentals** amounted to EUR 7.7 million in 3Q14 (relating to the Soccer World Cup in Brazil the Commonwealth games, the Asian games and the Youth Olympic games), compared to EUR 0.0 million in 3Q13. They represented 21.3% of total sales in 3Q14.

3Q14	3Q13	%3Q14/ 3Q13	Revenue – EUR millions ⁽¹⁾	9M14	9M13	% 9M14/ 9M13
36.0	28.0	+28.6%	Total reported	100.9	90.6	+11.4%
36.0	28.0	+28.7%	Total at constant currency	101.8	90.6	+12.4%
28.3	28.0	+1.3%	Total at constant currency and excluding big event rentals	87.3	90.6	-3.0%

(1) Refer to the geographical segmentation in annex 5.4.

EVS revenue amounted to **EUR 100.9 million in 9M14**, an increase by 11.4% at actual exchange rate (-3.0% at constant currency and excluding the big event rentals) compared to 9M13. In the first nine months, Sports represented 61.5%, ENM 24.4% and Big events rentals 14.2%.

Geographically, sales (excl. big event rentals) have evolved in 3Q14 as follows:

- Europe, Middle-East and Africa (“**EMEA**”): EUR 14.9 million (+0.6% compared to 3Q13, at constant currency)
- “**Americas**”: EUR 8.5 million (+26.6% compared to 3Q13, at constant currency)
- Asia & Pacific (“**APAC**”): EUR 4.9 million (-23.7% at constant currency).

Operating results in 3Q14

Consolidated gross margin was 74.9% for 3Q14, higher than 3Q13 mainly due to higher sales. Operating expenses grew by 5.6%, mainly due to some extra hires and additional costs in 2014 that include the investment in DYVI Live/SVS. Operating expenses are expected to be higher in 4Q14, due to the new building (IT/IS investments, start of the move), the timing of the recruitments in 2014 and one-time exceptional costs (departure of Joop Janssen). This leads to a **3Q14 EBIT margin of 39.8%**, compared to 30.0% last year. dcinex contributed EUR 0.1 million to EVS results in 3Q14. Tax rate was lower in 3Q14, as a result of changes in the structure of some subsidiaries to better reflect their operational functions. Group net profit amounted to EUR 11.3 million in 3Q14, compared to EUR 6.3 million in 3Q13. **Basic net profit per share amounted to EUR 0.84 in 3Q14**, compared to EUR 0.47 for 3Q13.

Operating results in 9M14

Consolidated gross margin was 74.9% for 9M14, compared to 76.5% in 9M13 due to product mix, some reclassification between R&D and cost of goods sold and higher write-offs. Operating expenses grew by 5.0%, mainly due to some extra hires and additional costs in 2014 that include the investment in DYVI Live/SVS. This leads to a **9M14 EBIT margin of 36.9%**, compared to 35.9% last year. dcinex contributed EUR 0.2 million to EVS results in 9M14, compared to a EUR 0.3 million contribution in 9M13. Group net profit amounted to EUR 27.3 million in 9M14, compared to EUR 23.3 million in 9M13. **Basic net profit per share amounted to EUR 2.02 in 9M14**, +16.7% compared to EUR 1.73 for 9M13.

Staff

At the end of September 2014, EVS employed 514 people (FTE), +6.6% compared to September 2013 (482). On average, EVS employed 499 FTE in 9M14, compared to 472 in 9M13, a 5.7% increase.

Balance sheet and cash flow statement

Total equity represented 55.5% of total balance sheet at the end of September 2014. Inventories amounted to EUR 17.2 million, including around EUR 4.0 million value of own equipment used for R&D and demos of EVS products. Inventories were slightly higher than at the end of 2013, as they still include some equipment used during the different big sporting events. In the liabilities, provisions include mainly the provision for technical warranty on EVS products for labor and parts.

At the end of 2011, EVS started the construction of a new integrated building in the proximity of its current location in Liège, in order to gather all employees of EVS headquarters, currently split in 6 different buildings. EUR 45.0 million have been invested by the end of September 2014 (less EUR 5.6 million of subsidies booked at the same date). The total budget for the project (including some higher investments in future-proof equipment) is estimated between EUR 55 and EUR 60 million. In November 2013, EVS secured the financing of the new building through senior debt of EUR 24 million with EIB (50%), ING (25%) and BNPPF

(25%) over 7 years. In May 2014, EVS has added EUR 12 million of available loan facilities (50% ING and 50% BNPPF) to satisfy the short term cash needs relating to the new building. At the end of September 2014, a total of EUR 30.0 million has been drawn on these available facilities.

The net cash from operating activities amounted to EUR 38.9 million in 9M14. On September 30, 2014, the group balance sheet showed **EUR 43.0 million in cash and cash equivalents**, and EUR 33.3 million in financial long-term debts (including short term portion of it).

At the end of September 2014, there were 13,625,000 EVS outstanding shares, of which 140,498 were owned by the company. At the same date, 409,050 warrants were outstanding with an average strike price of EUR 40.38 and an average maturity in 2017.

New internal organization

The internal structure of EVS was put in place at the end of 2012 to reflect the new four markets strategy (Sports, Entertainment, News and Media), and thus was based on the four different divisions. This structure has enhanced the internal understanding of the importance of our key markets. Today, in order to even better serve our four target markets and at the same time to allow faster decision-making, the company has decided to set up a new internal structure. This new structure has been validated by the Board of Directors of the company, and is fully supported by the management in place.

The CEO will have 5 direct reports with the following responsibilities:

- Customers (incl. global sales, customer support and projects) under the leadership of Luc Doneux
- Market & Products (incl. marketing, product management, IS/IT) under the leadership of Henry Alexander
- Engineering (incl. R&D) under the leadership of Benoît Février
- CFO (incl. finances, facilities) under the leadership of Magdalena Baron
- Human Resources under the leadership of Christine Vander Heyden

That organization is effective immediately.

Interim dividend

Given the solid balance sheet of the company, and consistent with its dividend policy, the Board of Directors has decided to pay an interim gross dividend of EUR 1.00 per share (or EUR 0.75 net per share after deduction of 25% withholding tax). The ex-date for Coupon # 19 is November 24, 2014, and the payment date is November 26, 2014. This coupon #19 shall be solely payable on dematerialized shares as stated in the company statutes.

Long-term drivers and strategy

Our "Speed to Air" strategy is an answer to TV stations desire to move to new and more efficient production workflows, benefiting from the flexibility of tapeless server technologies and increasing capable transport networks. Internet Protocol (IP) video transport and 'Cloud-based' technologies have made an entrance in the professional Broadcast industry and promise to enable even higher levels of flexibility and efficiencies in (live-) TV production. EVS plans to increase its investments in the R&D activities of these new technologies to continue to offer its customers the latest in (live-) production solutions. In addition, the broadcast market continues to migrate from standard definition (SD) TV to high definition (HD), to add new 'second screen' TV applications and to demand more live video content across the world and in particular in emerging regions. More advanced camera and display technologies such as UltraHD (4K) are speeding up the conversion to and subsequent upgrades of tapeless production facilities. EVS targets promising niches where the combination of infrastructure reliability, applications agility and service quality are essential success criteria.

Outlook

The **order book** (to be invoiced in 2014) on October 31, 2014 amounts to **EUR 18.9 million**, which is -35.1% lower compared to a record EUR 29.1 million on the same date one year ago. The order book does not include any big events rentals. Sports represent 60.8% of the order book.

In addition to this order book to be invoiced in 2014, EVS already has EUR 7.9 million orders to be invoiced in 2015 and beyond. This number has been revised down to reflect one large order that has been retendered by the customer.

The moderate slowdown witnessed since August in the broadcast industry (and more specifically the live production server market) remains. The EVS management confirms that revenue in 2014 is expected to grow at low single digit compared to last year, including EUR 14.3 million rental revenues for the big events. Additional short-term investments in the development of new IP video network and Cloud-based technologies, but also active programs for opex management are expected to lead to Opex growth around 10% in 2014 and are expected to result in medium to long-term profitable growth.

For 2015, the company has little visibility on the top line growth. With respect to the evolution of the operating expenses, the company is committed to investing in its core markets and technologies. However, active programs are being put in place for tighter Opex management and should result in Opex growth in 2015 around 10%.

Extraordinary General Meeting

A postponed Extraordinary General Meeting has been held on November 5, 2014 at EVS Headquarters. Shareholders approved the renewals of the authorizations given to the Board to buy back shares and to increase capital.

Conference call

EVS will hold today a conference call in English at 3:00 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)207 1620 177 (United Kingdom), +32 (0)2 290 14 11 (Belgium), +1 866 803 8344 (United States)
Conference call ID: 949695

Corporate Calendar:

Monday November 24, 2014: interim dividend: ex-date
Tuesday November 25, 2014: interim dividend: record date
Wednesday November 26, 2014: interim dividend: payment date
Thursday February 19, 2015: 4Q14 results
Tuesday May 12, 2015: 1Q15 results
Tuesday May 19, 2015: Ordinary General Meeting
Thursday August 27, 2015: 2Q15 results
Friday November 13, 2015: 3Q15 results

For more information, please contact:

Magdalena BARON, CFO
Geoffroy d'OULTREMONT, Vice President Investor Relations & Corporate Communication
EVS Broadcast Equipment S.A., Liege Science Park, 16 rue du Bois Saint-Jean, B-4102 Seraing, Belgium
Tel: +32 4 361 70 14. E-mail: corpcom@evs.com; www.evs.com

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. Approximately 514 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)	Notes	9M14 Unaudited	9M13 Unaudited	3Q14 Unaudited	3Q13 Unaudited
Revenue	5.4	100,878	90,567	35,962	27,956
Cost of sales		-25,307	-21,302	-9,033	-7,435
Gross profit		75,571	69,264	26,930	20,521
Gross margin %		74.9%	76.5%	74.9%	73.4%
Selling and administrative expenses		-18,483	-18,594	-6,327	-6,467
Research and development expenses	5.8	-18,597	-16,710	-6,056	-5,263
Other revenue		52	249	21	48
Other expenses		-126	-174	-31	-88
Stock based compensation and ESOP plan		-914	-1,093	-166	-213
Amortization and impairment on goodwill, acquired technology and IP		-297	-437	-67	-146
Operating profit (EBIT)		37,206	32,504	14,303	8,392
Operating margin (EBIT) %		36.9%	35.9%	39.8%	30.0%
Interest revenue on loans and deposits		130	148	38	53
Interest charges		-246	-199	-86	-67
Other net financial income / (expenses)	5.9	784	301	728	110
Share in the result of the enterprise accounted for using the equity method	5.11	287	382	109	280
Profit before taxes (PBT)		38,160	33,137	15,093	8,768
Income taxes	5.10	-11,803	-10,310	-4,124	-2,734
Net profit from continuing operations		26,357	22,827	10,969	6,034
Net profit		26,357	22,827	10,969	6,034
Attributable to :					
Non controlling interest		-924	-474	-328	-295
Equity holders of the parent company		27,281	23,302	11,297	6,329
Net profit from operations, excl dcinex – share of the group (1)	5.3	28,279	24,549	11,446	6,438
EARNINGS PER SHARE (in number of shares and in EUR)	5.7	9M14 Unaudited	9M13 Unaudited	3Q14 Unaudited	3Q13 Unaudited
Weighted average number of subscribed shares for the period less treasury shares		13,522,675	13,477,019	13,484,502	13,491,636
Weighted average fully diluted number of shares		13,904,057	13,898,018	13,891,449	13,902,536
Basic earnings – share of the group		2.02	1.73	0.84	0.47
Fully diluted earnings – share of the group (2)		1.96	1.68	0.81	0.46
Basic net profit from operations, excl dcinex – share of the group		2.09	1.82	0.85	0.48

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(EUR thousands)	9M14 Unaudited	9M13 Unaudited	3Q14 Unaudited	3Q13 Unaudited
Net profit	26,357	22,827	10,969	6,034
Other comprehensive income of the period				
Currency translation differences	237	43	185	-72
Other increase/(decrease)	-486	220	12	-384
Total comprehensive income for the period	26,108	23,090	11,166	5,578
Attributable to :				
Non controlling interest	-924	-474	-328	-294
Equity holders of the parent company	27,032	23,565	11,494	5,872

(1) The net profit from operations, excl. dcinex, is the net profit (share of the group) excluding non operating items (net of tax) and the dcinex contribution. Refer to Annex 5.3: use of non-gaap financial measures.

(2) Excluding 409,050 warrants that were not exercisable at the end of September 2014, fully diluted earnings per share in 3Q14 would have been EUR 0.84 (see also note 5.6)

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

ASSETS (EUR thousands)	Notes	Sept. 30, 14 Unaudited	Dec. 31, 2013 Unaudited
Non-current assets :			
Goodwill		1,192	1,393
Acquired technology and IP		0	96
Other intangible assets		414	630
Lands and buildings	5.16	46,510	31,855
Other tangible assets		1,658	1,843
Investment accounted for using equity method	5.11, 5.17	808	8,480
Subordinated loans	5.11	1,330	1,330
Other financial assets		251	252
Total non-current assets		52,165	45,878
Current assets :			
Inventories		17,245	16,193
Trade receivables		20,609	29,535
Other amounts receivable, deferred charges and accrued income		5,243	5,569
Cash and cash equivalents		43,039	11,750
Assets classified as held for sale	5.16, 5.17	8,540	0
Total current assets		94,676	63,048
Total assets		146,841	108,926
EQUITY AND LIABILITIES (EUR thousands)			
	Notes	Sept. 30, 2014 Unaudited	Dec. 31, 2013 Unaudited
Equity :			
Capital			
		8,342	8,342
Reserves		92,453	80,395
Interim dividends		0	-15,650
Final dividend		-13,625	0
Treasury shares		-5,364	-5,029
Total consolidated reserves		73,464	59,716
Translation differences		177	-60
Equity attributable to equity holders of the parent company		81,984	67,998
Non controlling interest		-455	469
Total equity	4	81,529	68,466
Long term provisions		1,252	1,254
Deferred taxes liabilities		1,507	1,043
Financial long term debts	5.16	24,936	8,282
Non-current liabilities		27,695	10,579
Short term portion of financial long term debts		8,389	1,791
Trade payables		6,480	5,446
Amounts payable regarding remuneration and social security		10,012	9,257
Income tax payable		7,281	4,666
Other amounts payable, advances received, accrued charges and deferred income		5,455	8,721
Current liabilities		37,616	29,881
Total equity and liabilities		146,841	108,926

ANNEX 3: CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(EUR thousands)	Notes	9M2014 Unaudited	9M2013 Unaudited
Cash flows from operating activities			
Operating Profit (EBIT)		37,206	32,504
Adjustment for non cash items :			
- Depreciation and write-offs on fixed assets		1,899	2,590
- Stock based compensation and ESOP	1, 4	914	1,093
- Provisions and deferred taxes increase (+)/ decrease (-)		462	-722
		40,481	35,465
Increase (+)/decrease (-) of cash flows			
- Amounts receivable		8,926	1,529
- Inventories		-1,052	-694
- Trade debts		1,034	-540
- Remuneration, social security and taxes debts		3,370	4,209
- Other items of the working capital		-2,156	-209
<i>Cash generated from operations</i>		<i>50,603</i>	<i>39,760</i>
Interest received		130	148
Income taxes	5.10	-11,803	-10,310
Net cash from operating activities		38,930	29,599
Cash flows from investing activities			
Purchase (-)/disposal (+) of intangible assets		-164	-1,595
Purchase (-)/disposal (+) of property, plant and equipment		-16,275	-13,006
Purchase (-)/disposal (+) of other financial assets		1	-561
Net cash used in investing activities		-16,438	-15,162
Cash flows from financing activities			
Operations with treasury shares	4, 5.6	-335	1,383
Other net equity variations		-249	443
Interest paid		-246	-199
Movements on long-term borrowings	5.16	23,252	-186
Final dividend paid	4, 5.5	-13,625	-19,933
Net cash used in financing activities		8,797	-18,492
Net increase (+)/ decrease (-) in cash and cash equivalents		31,289	-4,054
Cash and cash equivalents at beginning of period		11,750	21,426
Cash and cash equivalents at end of period		43,039	17,372

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, 2012	8,342	65,255	-6,413	81	67,266	8	67,274
Total comprehensive income for the period		23,048		43	23,091	-474	22,617
Business combination						1,142	1,142
Share-based payments		1,093			1,093		1,093
Operations with treasury shares			1,383		1,383		1,383
Final dividend		-19,933			-19,933		-19,933
Balance as per September 30, 2013	8,342	69,464	-5,029	124	72,901	676	73,576

(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, 2013	8,342	64,745	-5,029	-60	67,998	469	68,466
Total comprehensive income for the period		26,795		237	27,032	-924	26,108
Share-based payments		914			914		914
Operations with treasury shares			-335		-335		-335
Final dividend		-13,625			-13,625		-13,625
Balance as per September 30, 2014	8,342	78,829	-5,364	177	81,984	-455	81,529

ANNEX 5: NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements of EVS Group for the 9 month-period ended September 30, 2014, are established and presented in accordance with “IAS 34 Interim Financial Reporting”, as adopted for use in the European Union.

NOTE 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 2013 consolidated financial statements. The Company's IFRS accounting policies and methods are available in the 2013 annual report on www.evs.com.

NOTE 3: USE OF NON-GAAP FINANCIAL MEASURES

EVS uses certain non-GAAP measures in its financial communication. EVS does not represent these measures as alternative measures to net profit or other financial measures determined in accordance with IFRS. These measures as reported by EVS might differ from similar titled measures used by other companies. We believe that these measures are important indicators of our business and are widely used by investors, analysts and other parties. In the press release, the non-GAAP measures are reconciled to financial measures determined in accordance with IFRS.

The reconciliation between the net profit for the period and the net profit from operations, excl. dcinex is as follows:

(EUR thousands)	9M14	9M13
Net profit for the period – IFRS	27,281	23,302
Allocation to Employees Profit Sharing Plan	466	755
Stock Option Plan	448	338
Amortization and impairment on acquired technology and IP	297	437
Amortization/impairment on Tax Shelter rights assets	-	6
Contribution of dcinex	-213	-289
Net profit from operations, excl. dcinex	28,279	24,549

NOTE 4: SEGMENT REPORTING

4.1. 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 (which is primarily the translation of a new marketing approach), 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, such as sports, entertainment, news and media. 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 (“NALA” or “Americas”). This division follows the organization of the commercial and support services within the group, which operates worldwide. From fiscal year 2013, “NALA” region is renamed “Americas”. 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: "Sports", "ENM" (Entertainment, News & Media) and "Big sporting event rentals" for rental contracts relating to the big sporting events of the even years. The former categories "Outside broadcast vans" and the "TV production studios" are spread between these new markets.

Finally, sales are presented by nature: systems and services.

4.2. Additional information

4.2.1. Information on sales by destination

Revenue can be presented by destination: Sports, ENM (Entertainment, News and Media) and big sporting event rentals. Maintenance and after sale service are included in the complete solution proposed to the clients.

3Q14	3Q13	% 3Q14/ 3Q13	Revenue (EUR thousands)	9M14	9M13	% 9M14/ 9M13
19,828	19,540	+1.5%	Sports	61,991	65,906	-5.9%
8,471	8,406	0.8%	Entertainment, News & Media	24,575	24,120	+1.9%
7,663	10	N/A	Big sporting event rentals	14,311	540	N/A
35,962	27,956	+28.6%	Total Revenue	100,878	90,567	+11.4%

4.2.2. Information on sales by geographical information

Activities are divided in three regions: Asia-Pacific ("APAC"), Europe, Middle East and Africa ("EMEA"), and "Americas".

4.2.2.1. Revenue

Revenue for the quarter (EUR thousands)	APAC excl. events	EMEA excl. events	Americas excl. events	Big event rentals	TOTAL
3Q14 revenue	4,890	14,920	8,489	7,663	35,962
Evolution versus 3Q13 (%)	-23.7%	+0.6%	+26.5%	N/A	+28.6%
Variation versus 3Q13 (%) at constant currency	-23.7%	+0.6%	+26.6%	N/A	+28.7%
3Q13 revenue	6,411	14,827	6,708	10	27,956

Revenue for 9 months (EUR thousands)	APAC excl. events	EMEA excl. events	Americas excl. events	Big event Rentals	TOTAL
9M14 revenue	15,396	45,888	25,282	14,311	100,878
Evolution versus 9M13 (%)	-39.0%	-1.3%	+38.0%	N/A	+11.4%
Variation versus 9M13 (%) at constant currency	-39.0%	-1.3%	+41.9%	N/A	+1.3%
9M13 revenue	25,226	46,474	18,326	540	90,567

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 two countries: the US (Americas, EUR 29.5 million in the last 12 months) and the UK (EMEA, EUR 13.0 million).

4.2.2.2. Long term assets

Considering the explanations given in 4.1., all long term assets are located in the parent company EVS Broadcast Equipment SA in Belgium.

4.2.3. Information on systems and services

Revenue can be presented by nature: systems and services.

3Q14	3Q13	% 3Q14/ 3Q13	Revenue (EUR thousands)	9M14	9M13	% 9M14/ 9M13
33,411	25,848	+29.3%	Systems	94,175	84,938	+10.9%
2,551	2,108	+21.0%	Services	6,703	5,628	+19.1%
35,962	27,956	+28.6%	Total Revenue	100,878	90,567	+11.4%

Services include advices, installations, project management, training, maintenance, distant support that are literally included in the invoices.

4.2.4. Information on important clients

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

NOTE 5: DIVIDENDS

The Ordinary General Meeting of May 20, 2014 approved the payment of a total gross dividend of EUR 2.16 per share, including the interim dividend of EUR 1.16 per share paid in November 2013, leading to a final gross dividend of EUR 1.00 per share, for digital coupon # 18, ex-date May 28 and pay date June 2.

The Board of Directors of November 10, 2014 has decided to pay an interim gross dividend of EUR 1.00 per share (EUR 0.75 per share after 25% withholding tax) for the fiscal year 2014 with November 24 as ex-date, November 25 as record date and November 26 as payment date.

(EUR thousands)	# Coupon	2014	2013
- Final dividend for 2012 (EUR 1.48 per share less treasury shares)	16	-	19,933
- Interim dividend for 2013 (EUR 1.16 per share less treasury shares)	17	-	15,650
- Final dividend for 2013 (EUR 1.00 per share less treasury shares)	18	13,625	-
- Interim dividend for 2014 (EUR 1.00 per share less treasury shares)	19	13,625	-
Total dividends paid		27,250	35,583

NOTE 6: EQUITY SECURITIES

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

	2014	2013
Number of own shares at January 1	133,364	170,053
Acquisition of own shares on the market	127,500	-
Sale of own shares on the market	-	-
Allocation to Employees Profit Sharing Plans	-10,166	-12,239
Sales related to Employee Stock Option Plan (ESOP) and other transactions	-110,200	-24,450
Own shares cancellation	-	-
Number of own shares at September 30	140,498	133,364
Outstanding warrants at September 30	409,050	410,900

In 9M14, the company repurchased 127,500 share on the stock market at an average share price of EUR 38.25. A total of 110,200 shares were used to satisfy the exercise of warrants by employees. The Ordinary General Meeting of shareholders of May 20, 2014 approved the allocation of 10,166 shares to EVS employees (grant of 37 shares to each staff member in proportion to their effective or assimilated time of occupation in 2013) as a reward for their contribution to the group successes. At the end of September 2014, the company owned 140,498 own shares at an average historical price of EUR 38.18. At the same date, 409,050 warrants were outstanding with an average strike price of EUR 40.38 (following the grant of 64,500 warrants to some employees of EVS in July) and an average maturity of January 2017.

NOTE 7: EARNINGS PER SHARE (EPS)

The group calculates both the basic earnings per share and the diluted earnings per share in accordance with IAS 33. The basic earnings per share are calculated on the basis of the weighted average number of ordinary shares in circulation during the period less treasury shares. The diluted earnings per share are calculated on the basis of the average number of ordinary shares in circulation during the period plus the potential dilutive effect of the warrants and stock options in circulation during the period less treasury shares.

NOTE 8: RESEARCH AND DEVELOPMENT

Since 4Q10, EVS takes into account a withholding tax exemption given since 2006 by the Belgian government to companies paying or allocating compensation to individual researchers who are engaged in collaborative R&D programs according to some criteria defined under section 273 of the Code of income tax in Belgium. In the presentation of the accounts, this amount comes as a deduction of R&D charges.

The detail of the R&D expense is as follows:

(EUR thousands)	9M14	9M13
Gross R&D expenses	19,744	17,583
R&D tax credits for current fiscal year	-1,147	-873
R&D expenses	18,597	16,710

NOTE 9: OTHER NET FINANCIAL INCOME / (EXPENSES)

(EUR thousands)	9M14	9M13
Exchange results from statutory accounts	-171	515
Exchange results relating to IFRS consolidation methodology	945	-154
Impairment on Tax Shelter investments	-	-6
Other financial results	10	-54
Other net financial income / (expenses)	784	301

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 5.14.

NOTE 10: 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)	9M14	9M13
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	37,873	32,755
Reported tax charge based on the effective tax rate	-11,803	-10,310
Effective tax rate	31.2%	31.5%
Reconciliation items for the theoretical tax charge		
Tax effect of Tax Shelter	-	-38
Tax effect of deduction for notional interests	-153	-133
Tax effect of non deductible expenditures	305	406
Other increase / (decrease)	-90	413
Total tax charge of the group entities computed on the basis of the respective local nominal rates	-11,741	-9,662
Theoretical tax rate (relating to EVS operations, excl. dcinex)	31.0%	29.5%

NOTE 11: INVESTMENTS IN ASSOCIATES - dcinex SA (formerly XDC SA)

At the end of September 2014, EVS owns 41.3% of dcinex SA share capital and has a fully diluted share of 31.2% in the company. dcinex shares accounted for using equity method in EVS consolidated accounts, plus the EVS share of the subordinated bonds issued by dcinex, amounted to EUR 9.3 million on September 30, 2014.

The dcinex accounts and their contribution into EVS consolidated accounts break down as follows:

(EUR thousands)	9M14	9M13
Revenue	65,655	63,997
EBITDA	26,643	22,114
Net result for the period	515	700
Part of dcinex capital held by EVS	41.3%	41.3%
dcinex contribution – share of EVS	213	289

The cumulated Tax Loss Carry Forward of dcinex SA amounts to EUR 28 million on September 30, 2014. At the same date, 57% of deferred tax assets relating to these losses have been recognized.

Please also read note 17 on subsequent events for further information on dcinex.

NOTE 12: GOODWILL ON SVS-DYVI Live

In May 2013, EVS acquired a minority stake (25.1% of the voting shares) in SVS GmbH, a private company based in Germany ("SVS") whose principal activity is the research and development of network-based technology. The principal reason for this investment is to give EVS access to this promising technology.

Notwithstanding that EVS only holds 25.1% of the shares outstanding as at September 30, 2014, the Group considers to have the control of SVS because it has the power on the business decisions and it controls totally the outflow of the company through the exclusive distribution agreement between a new fully owned subsidiary (DYVI LIVE, fully consolidated in the EVS accounts) and SVS. Moreover, EVS finances the future expenses occurring for the SVS development. Consequently, SVS is fully consolidated and non-controlling interests are accounted for (74.9%).

In 9M14, these two entities have contributed EUR 0.1 million to EVS revenues, EUR -2.7 million to EBIT and EUR -1.7 million to net group profit, including non-controlling interest. At September 30, 2014, goodwill amounted to EUR 1.1 million.

NOTE 13: HEADCOUNT

(in full time equivalents)	At September 30	Nine-months average
2014	514	499
2013	482	472
<i>Variation</i>	+6.6%	+5.7%

NOTE 14: 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 9M	Average 3Q	At September 30
2014	1.3546	1.3249	1.2583
2013	1.3171	1.3240	1.3505
<i>Variation</i>	-2.8%	-0.1%	+7.3%

For 9M14, the average US dollar exchange rate against the Euro decreased by 2.8% compared to 9M13. It had a negative impact of EUR 1.0 million on revenue (-1.0%). This was offset by both the natural hedge (on costs of materials and electronics, foreign operating expenses and foreign taxes) and the financial hedge which covers up to 50% of EVS net long position on 12 month forward horizon.

NOTE 15: FINANCIAL INSTRUMENTS

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 September 30, 2014, the group held USD 4.0 million in forward exchange contracts, with an average maturity date of August 22, 2015, and with an average exchange rate EUR/USD of 1.3225.

NOTE 16: FINANCIAL DEBT AND NEW BUILDING INVESTMENT

In order to partially finance its new HQ and operating facilities, EVS secured in November 2013 a senior debt funding of EUR 24 million over 7 years with 3 major banks: European Investment Bank (50%, through the GFI initiative), ING (25%) and BNPPF (25%). In May 2014, EVS has signed additional available loan facilities for an amount of EUR 12 million (50% ING and 50% BNPPF) over 5 years. As of September 30, 2014, EVS has drawn EUR 30.0 million on these credit lines. The move to the new headquarter will be totally finished in the spring of 2015.

A "preliminary sales agreement" ("*compromis de vente*") has been signed for one of the current buildings. Hence this building is reclassified as "Asset classified as held for sale" on the balance sheet at fair value less the estimated costs of the transaction.

NOTE 17: SUBSEQUENT EVENTS

dcinex:

On October 20, 2014, EVS announced the completion of the sale of its 41.3% stake in dcinex to Ymagis SA.

Under the agreement, EVS has received at the closing:

- EUR 1.6 million in cash (EUR 2.1 million less EUR 0.5 million of transaction costs and fees)
- 288,851 new Ymagis shares
- EUR 6.4 million in Ymagis bonds, which have a maximum maturity of 5 years. These bonds are associated with warrants.

In total, the approximate aggregate value of the different components (at October 20 closing price of Ymagis shares of EUR 6.89) represents around EUR 10.0 million for EVS. On September 30, 2014 dcinex stake was valued at EUR 8.0 million on the EVS balance sheet, leading to a gross capital gain of EUR 2.0 million before reverse of the adjustments booked over the last few years directly in the equity of EVS, as required by IFRS (EUR 0.5 million loss).

In addition, EVS has received EUR 1.3 million in cash from the existing dcinex shareholders' loans (EUR 0.2 million to be received later).

Finally, as agreed, the EUR 2.5 million guarantee requested earlier by the banks from the current shareholders of dcinex to cover the existing loans has been terminated at the closing of the transaction.

Departure of Joop Janssen:

On October 13, 2014, EVS announced that the Board of Directors and Joop Janssen mutually agreed to end the term of the office and duties of Joop Janssen, Managing Director and CEO of EVS, with effect as of October 14, 2014. As a consequence, there will be a one-time charge recorded in 4Q2014, and the 25,000 warrants granted to Joop Janssen in 2014 have been cancelled.

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

NOTE 18: RISK AND UNCERTAINTIES

Investing in the stock of EVS involves risks and uncertainties. The risks and uncertainties relating to the remainder of the year 2014 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 19: CONFLICT 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*").

Certification of responsible persons

Michel Counson, Managing Director, CTO hardware
Muriel De Lathouwer, President of the Executive Committee (ad interim)
Magdalena Baron, CFO

Certify that, based on their knowledge,

- a) the condensed financial statements, prepared in accordance with IAS 34 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 the first nine months of 2014, 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.