EVS

PRESS RELEASE

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Regulated information – Press release interim financial report
EVS Broadcast Equipment SA: Euronext Brussels (EVS.BR), Bloomberg (EVS BB), Reuters (EVSB.BR)

EVS REPORTS THIRD QUARTER 2013 RESULTS

- **3Q13: Results in line with management expectations**
  - Revenue of EUR 28.0 million, -29.2% (-14.0% excl. event rentals and at constant currency)
  - EBIT of EUR 8.4 million (30.0% of EBIT margin), EPS of EUR 0.47
- **Record global autumn order book of EUR 61.0 million at October 31, 2013, including EUR 29.1 million to be invoiced in 2013**
  - +78.6% vs 2012 autumn order book (+56.5% excl. big events)
  - Record EUR 31.9 million order book for 2014 and beyond
- **Confirmation of 2013 full year guidance**
  - Excluding big events rentals, sales are expected to be flat compared to 2012, i.e. slightly lower than EUR 130 million
  - Low double digit opex growth, including the investment in a technology start-up
- **Interim dividend of EUR 1.16 to be paid at the end of November**

KEY FIGURES

(unaudited)			EUR millions, except earnings per share expressed in EUR	Unaudited		
3Q13	3Q12	3Q13/3Q12		9M13	9M12	9M13/9M12
28.0	39.5	-29.2%	Revenue	90.6	112.3	-19.4%
8.4	19.3	-56.5%	Operating profit – EBIT	32.5	56.0	-42.0%
30.0%	48.8%	-	Operating margin – EBIT %	35.9%	49.9%	-
0.2	0.0	N/A	Contribution from dcinex	0.3	0.1	N/A
6.3	12.7	-50.3%	Net profit – Group share	23.3	37.4	-37.6%
6.4	13.2	-51.2%	Net profit from operations, excl. dcinex – Group share (1)	24.5	38.8	-36.8%
0.47	0.95	-50.5%	Basic earnings per share	1.73	2.78	-38.3%
0.48	0.98	-51.3%	Basic earnings per share from operations, excl. dcinex (1)	1.82	2.89	-36.9%

(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.

COMMENTS

"In a macro-economic environment that remains uncertain, we are encouraged by the market share gains we continue to achieve", said Joop Janssen, Managing Director & CEO of EVS. "We are happy with the continuing market recovery in North America after a slow first half. The Asia Pacific region remained strong, confirmed by the recently announced record order win in our ENM segment against an incumbent supplier. At the successful IBC tradeshow in September, our customers were enthusiastic about our new segmentation and the new products that we launched. There is growing evidence that IP based video network technologies will continue their entrance into the broadcast industry in the coming years, confirming our adequate investment in a startup company earlier this year. For 2014 the market conditions in Southern Europe and Americas are expected to continue to be weaker than earlier anticipated even though we expect to continue to gain strategic market share. Next year, EVS plans to further increase its R&D investments to strengthen its product portfolio and expand geographically. The search for a new group CFO is progressing well and we expect to make an announcement shortly".

Commenting on the results and prospects, Jacques Galloy, Director and CFO, said: "As expected, the third quarter of 2013 is slightly weaker than the second quarter with sales of EUR 28.0 million. This is a decrease of 29.2% compared to last year which was very high thanks to the summer sporting events. The operating profit amounted to EUR 8.4 million, down compared to last year due to the lower sales and stable operating expenses. This translates into a 30.0% operating margin. The record global autumn order book of EUR 61.0 million for sales in 2013, 2014 and beyond calls for a strong seasonal year-end, ahead of the Winter Olympics in February and in line with earlier guidance of full year revenues to be slightly below EUR 130 million".

Revenue in 3Q13 and 9M13

EVS revenue amounted to **EUR 28.0 million in 3Q13**, a decrease of 29.2% (-14.0% at constant currency and excluding the big event rentals) compared to 3Q12. Sales of solutions in **Sports** decreased by 14.2**%** (-13.0% at cst currency) to EUR 19.5 million, representing 69.9% of total group sales in 3Q13. **ENM** (Entertainment, News and Media) sales decreased by 17.6% in 3Q13 to EUR 8.4 million (-16.4% at cst currency). ENM sales represented 30.1% of total sales in 3Q13. There were minor **Big events rentals** in 3Q13 compared to EUR 6.5 million in 3Q12 (relating to the London Olympics).

3Q13	3Q12	%3Q13 / 3Q12	Revenue – EUR millions (1)	9M13	9M12	% 9M13/ 9M12
28.0	39.5	-29.2%	Total reported	90.6	112.3	-19.4%
28.4	39.5	-28.2%	Total at constant currency	91.1	112.3	-18.9%
28.3	**33.0**	**-14.0%**	**Total at constant currency and excluding big event rentals**	**90.5**	**102.3**	**-11.5%**

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

EVS revenue amounted to **EUR 90.6 million in 9M13**, a decrease by 19.4% at actual exchange rate (-11.5% at constant currency and excluding the big event rentals) compared to 9M12. In the first nine months, Sports represented 72.8%, ENM 26.6% and Big events rentals 0.6%.

Over the first nine months of 2013, the market demand fluctuated differently in every region, with Asia-Pacific showing strong growth (+15%) while America's overall market was much lower than anticipated (-37%). Overall market conditions have been better. While our American activities have experienced some recovery since September, EMEA region is slightly progressing in 3Q13. EVS seems to continue to benefit best among other suppliers from its strong global reach, competitive position and continued investments in innovation.

Geographically, sales (excl. big event rentals) have evolved in 3Q13 as follows:

- Europe, Middle-East and Africa ("**EMEA**"): EUR 14.8 million (+3.8% compared to 3Q12, at constant currency and excluding the big event rentals), representing 53.1% of group revenue. Performance in the EMEA market continues to include different realities, with a weak Mediterranean market, offset by stronger sub-regions such as Eastern Europe, Germany or the UK.
- "**Americas**": EUR 6.7 million, compared to a record EUR 11.4 million in 3Q12 (-35.4% compared to 3Q12, at constant currency and excluding the big event rentals). The Americas is recovering in the second half of 2013, after a weak market performance in the first six months.
- Asia & Pacific ("**APAC**"): EUR 6.4 million, or -25.1% (-16.6% compared to 3Q12, at constant currency and excluding the big event rentals). EVS continues to gain market share in this buoyant region which is delivering above expectations. The recently record deal announced in that region is another example of the dynamics in that region.

Operating results in 3Q13

Consolidated gross margin was 73.4% for 3Q13, lower than 3Q12 due to the deleveraging effect of lower sales on fixed operations expenses that increased partly as a result of some reclassifications between operating expenses and cost of goods sold and some hires. Operating expenses were stable in 3Q13, mainly due to some reclassification between operating expenses and cost of goods sold, offset by some costs (EUR 0.6 million over 3Q13) related to the investment in the start-up company, some extra hires in sales, the management strengthening and the fact that 3Q12 included expenses for the new ERP. This leads to a **3Q13 EBIT margin of 30.0%**, compared to 48.8% last year. dcinex contributed EUR 0.2 million to EVS net results in 3Q13. Group net profit amounted to EUR 6.3 million in 3Q13, compared to EUR 12.7 million in 3Q12, while net profit from operations, excluding dcinex, was EUR 6.4 million in 3Q13 (-51.2%). **Basic net profit per share amounted to EUR 0.47 in 3Q13**, compared to EUR 0.95 for 3Q12.

Operating results in 9M13

Consolidated gross margin was 76.5% for 9M13, compared to 79.6% in record 9M12 due to the deleveraging effect of lower sales on fixed operations costs. Operating expenses grew by 9.7%, mainly due to some costs (EUR 1.1 million over 9M13) related to the investment in the startup company, some extra hires in sales and the management strengthening, partially offset by some reclassification between operating expenses and cost of goods sold. This leads to a **9M13 EBIT margin of 35.9%**, compared to 49.9% last year. dcinex contributed EUR 0.3 million to EVS net results in 9M13, compared to a EUR 0.1 million contribution in 9M12. Group net profit amounted to EUR 22.8 million in 9M13, compared to EUR 37.4 million in 9M12, while net profit from operations, excluding dcinex, was EUR 24.5 million in 9M13. **Basic net profit per share amounted to EUR 1.73 in 9M13**, -38.3% compared to EUR 2.78 for 9M12.

Staff

At the end of September 2013, EVS employed 482 people (FTE), a slight growth of 4% compared to the end of 2012 (463) in line with our plan to reduce our opex growth compared to last years. On average, EVS employed 472 FTE in 9M13, compared to 427 in 9M12, a 10.5% increase. The main increase is due to more R&D including a dozen of engineers in the new fully consolidated start-up. One third of EVS' headcount are located outside of Belgium. The 500 FTE threshold is likely to be crossed around year-end.

Balance sheet and cash flow statement

Total equity represented 71.4% of total balance sheet at the end of September 2013. Inventories amounted to EUR 16.6 million at the end of September, including around EUR 4.0 million value of own equipment used for own R&D and demos of EVS successful products. Inventories were slightly higher than at the end of 2012, anticipating a stronger 4Q13. 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 same area in Liège, in order to gather all employees of EVS headquarters, split today in 6 different buildings. EUR 25.7 million have been invested by the end of September 2013 (less EUR 3.5 million of subsidies booked at the same date), out of a total net budget of around EUR 45 million. That project will be partly financed through financial debt but strong cash generation has allowed the company to finance the investments until now without drawing down on the EUR 14 million credit line put in place earlier in 2012.

EVS is finalizing a consortium financing of the new building with senior debt of EUR 24 million with EIB (50%), ING (25%) and BNPPF (25%) over 7 years. This new credit facility will replace the previous short term EUR 14 million roll-over credit line.

The net cash from operating activities amounted to EUR 29.6 million in 9M13. On September 30, 2013, the group balance sheet showed **EUR 17.4 million in cash and cash equivalents**, and EUR 0.6 million in long-term financial debts (including short term portion of it).

At the end of September 2013, there were 13,625,000 EVS outstanding shares, of which 133,364 were owned by the company. At the same date, 410.900 warrants were outstanding with an average strike price of EUR 38.58 and an average maturity in 2015.

Interim dividend

Given its strong cash position and solid balance sheet, the Board of Directors has decided to pay an interim gross dividend of EUR 1.16 per share (or EUR 0.87 net per share after deduction of 25% withholding tax), similar to the interim dividend paid in November 2012 and November 2011. The ex-date for Coupon # 17 is November 25, 2013, and the payment date is November 28, 2013. This coupon #17 shall be solely payable on dematerialized shares as stated in the company statutes.

Long-term drivers and strategy

While Sports is still a significant part of EVS' total business, less cyclical market segments like Entertainment, News and Media are growing more rapidly. In its diversification process, EVS aims to take a leading position in niches that have a high growth potential. Its "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) ,add new 'second screen' TV applications and 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 away from tapeless production facilities. EVS' total addressable market size for its four target market segments: Sports, Entertainment, News and Media was estimated to be around EUR 1.6 billion in 2012.

Outlook 2013

The global **autumn order book** at October 31, 2013 amounts to **EUR 61.0 million**, which is 78.6% higher compared to EUR 34.1 million on the same date one year ago (+56.5% vs last year, excl. big event rentals). The order book includes EUR 29.1 million to be invoiced in 2013 (compared to EUR 22.4 million last year) and a record EUR 31.9 million to be invoiced in 2014 and beyond (compared to EUR 11.8 million last year). Sports represent 40.4% of the total order book (partially due to the exceptionally high ENM order announced on October 28, 2013). The EUR 31.9 million order book for 2014 already includes EUR 7.6 million for big events rentals for Winter Olympics (Sotchi) and World Cup Soccer in the summer of 2014 (Brazil).

In Sports, the company consolidates its position. In ENM, EVS continues to gain market share and significant new customers in this promising and more competitive segment.

EVS performance over 9M13 is quite in line with the worldwide market which slightly declined, but with strong achievements in APAC and EMEA that offset the lower market beat in both Americas and Mediterranean region. The company’s internal organizational transformation is progressing smoothly and positions EVS for further growth. EVS is confident about the long term prospects of the group, underpinned by robust long term market growth drivers.

For 2013, EVS confirms its guidance: **excluding EUR 10 million of rental agreements related to the 2012’s big sporting events, sales for 2013 should be in line with 2012, i.e. slightly below EUR 130 million**. Operating expenses should grow by a low double digit rate, which shall translate in lower margins.

Outlook 2014

For 2014, EVS does not anticipate a major improvement of the market conditions, which could remain weak, even declining in some areas, even though EVS continues to achieve market share gains in a lot of regions. Big sporting events are expected to bring around an additional EUR 10 million rental revenues in 2014. Additional investments in the development of new IP video network and Cloud-based technologies are planned for the coming years, translating into Opex growth by more than 10% in 2014. EVS targets small niches where the combination of infrastructure reliability, applications agility and service quality are essential success criteria.

Status of the control by the Statutory Auditors

The Statutory Auditor BDO Réviseurs d’Entreprises Soc. Civ. SCRL has not reviewed the quarterly consolidated financial statements as presented in this press release.
With regards to the interim dividend, the auditor has performed a limited review of the statutory accounts of EVS Broadcast Equipment SA at September 30, 2013.

EVS will hold today the following events:

- A conference call in English will be held at 3:00 pm CET (please contact corpcom@evs.com to receive the dial-in number and the presentation).

Attended by Joop Janssen, CEO, Jacques Galloy, CFO and Geoffroy d’Oultremont, VP IR.

Corporate Calendar:

Monday November 25, 2013: interim dividend: ex-date
Wednesday November 27, 2013: interim dividend: record date
Thursday November 28, 2013: interim dividend: payment date
Thursday February 20, 2014: 4Q13 earnings
Thursday May 15, 2014: 1Q14 earnings
Tuesday May 20, 2014: Ordinary General Meeting
Thursday August 28, 2014: 2Q14 earnings
Friday November 14, 2014: 3Q14 earnings

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 offices in Europe, the Middle East, Asia and North America. Approximately 482 EVS professionals from 20 offices are selling 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.

dcinex, of which EVS owns 41.3%, is the European leader for Digital Cinema technology and services in Europe with more than 5,500 committed digital screens in Europe, out of which 3,700 have already been deployed. www.dcinex.com.

Condensed consolidated financial statements

ANNEX 1: CONDENSED CONSOLIDATED INCOME STATEMENT

(EUR thousands)	Note	9M13 Unaudited	9M12 Unaudited	3Q13 Unaudited	3Q12 Unaudited
Revenue	5.4	90,567	112,335	27,956	39,468
Cost of sales		-21,302	-22,920	-7,435	-8,115
Gross profit		**69,264**	**89,414**	**20,521**	**31,353**
Gross margin %		**76.5%**	**79.6%**	**73.4%**	**79.4%**
Selling and administrative expenses		-18,594	-16,267	-6,467	-6,166
Research and development expenses	5.8	-16,710	-15,914	-5,263	-5,652
Other revenue		249	376	48	93
Other expenses		-174	-247	-88	-48
Stock based compensation and ESOP plan		-1,093	-854	-213	-147
Amortization and impairment on goodwill, acquired technology and IP		-437	-484	-146	-161
Operating profit (EBIT)		**32,504**	**56,024**	**8,392**	**19,273**
Operating margin (EBIT) %		**35.9%**	**49.9%**	**30.0%**	**48.8%**
Interest revenue on loans and deposits		148	76	53	31
Interest charges		-199	-195	-67	-46
Other net financial income / (expenses)	5.9	301	-1,424	110	-483
Share in the result of the enterprise accounted for using the equity method	5.11	382	106	280	33
Profit before taxes (PBT)		**33,137**	**54,587**	**8,768**	**18,807**
Income taxes	5.10	-10,310	-17,216	-2,734	-6,070
Net profit from continuing operations		**22,827**	**37,371**	**6,034**	**12,737**
Net profit		**22,827**	**37,371**	**6,034**	**12,737**
Attributable to :					
Non controlling interests		474	-	295	-
Equity holders of the parent company		**23,302**	**37,371**	**6,329**	**12,737**
Net profit from operations, excl dcinex – share of the group (1)	**5.3**	**24,549**	**38,813**	**6,438**	**13,190**

EARNINGS PER SHARE *(in number of shares and in EUR)*	**5.7**	**9M13 Unaudited**	**9M12 Unaudited**	**3Q13 Unaudited**	**3Q12 Unaudited**
Weighted average number of subscribed shares for the period less treasury shares		13,477,019	13,447,450	13,491,636	13,453,264
Weighted average fully diluted number of shares (2)		13,898,018	13,755,374	13,902,536	13,805,340
Basic earnings – share of the group		**1.73**	**2.78**	**0.47**	**0.95**
Fully diluted earnings – share of the group (2)		**1.68**	**2.72**	**0.46**	**0.92**
Basic net profit from operations, excl. dcinex – share of the group		**1.82**	**2.89**	**0.48**	**0.98**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(EUR thousands)	9M13 Unaudited	9M12 Unaudited	3Q13 Unaudited	3Q12 Unaudited
Net profit	**22,827**	**37,371**	**6,034**	**12,737**
Other comprehensive income of the period				
Currency translation differences	43	-	-72	-82
Other increase/(decrease)	220	177	-384	-99
Total comprehensive income for the period	**23,090**	**37,548**	**5,578**	**12,556**
Attributable to :				
Non controlling interests	474	-	294	-
Equity holders of the parent company	**23,564**	**37,548**	**5,872**	**12,556**

(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 58.250 warrants that were out of money at the end of September 2013, fully diluted earnings per share in 3Q13 would have been EUR 0.46.

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

ASSETS (EUR thousands)	**Note**	**Sept. 30, 2013 Unaudited**	**Dec. 31, 2012 Audited**
Non-current assets :			
Goodwill	5.12	1,585	610
Acquired technology and IP		192	479
Other intangible assets		707	534
Lands and buildings	5.16	30,382	19,261
Other tangible assets		1,875	1,846
Investment accounted for using equity method	5.11	8,587	7,717
Subordinated loans	5.11	1,330	830
Other financial assets		240	178
Total non-current assets		**44,897**	**31,455**
Current assets :			
Inventories		16,561	15,868
Trade receivables		19,572	21,101
Other amounts receivable, deferred charges and accrued income		4,645	5,111
Cash and cash equivalents		17,372	21,426
Total current assets		**58,150**	**63,507**
Total assets		**103,047**	**94,962**

EQUITY AND LIABILITIES (EUR thousands)	**Note**	**Sept 30, 2013 Unaudited**	**Dec. 31, 2012 Audited**
Equity :			
Capital		**8,342**	**8,342**
Reserves		69,464	80,861
Interim dividends		-	-15,606
Treasury shares		-5,029	-6,412
Total consolidated reserves		**64,435**	**58,843**
Translation differences		124	81
Equity attributable to equity holders of the parent company		**72,901**	**67,266**
Non-controlling interest		**676**	**8**
Total equity	**4**	**73,576**	**67,274**
Long term provisions		1,224	2,035
Deferred taxes liabilities		1,125	1,036
Financial long term debts	5.16	355	541
Non-current liabilities		**2,704**	**3,612**
Short term portion of financial long term debts		291	291
Trade payables		6,086	6,626
Amounts payable regarding remuneration and social security		9,567	8,899
Income tax payable		4,907	1,367
Other amounts payable, advances received, accrued charges and deferred income		5,917	6,893
Current liabilities		**26,767**	**24,076**
Total equity and liabilities		**103,047**	**94,962**

ANNEX 3: CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(EUR thousands)	9M13 Unaudited	9M12 Unaudited
Cash flows from operating activities		
Operating Profit (EBIT)	32,504	56,024
Adjustment for non cash items :		
- Depreciation and write-offs on fixed assets	2,590	2,553
- Stock based compensation and ESOP	1,093	854
- Provisions and deferred taxes increase (+)/ decrease (-)	-722	-17
	35,465	**59,414**
Increase (+)/decrease (-) of cash flows		
- Amounts receivable	1,529	-161
- Inventories	-694	-2,103
- Trade debts	-540	-902
- Remuneration, social security and taxes debts	4,209	10,058
- Other items of the working capital	-209	-2,623
Cash generated from operations	*39,760*	*63,683*
Interest received	148	77
Income taxes	-10,310	-17,216
Net cash from operating activities	**29,599**	**46,544**
Cash flows from investing activities		
Purchase (-)/disposal (+) of intangible assets	-1,595	-510
Purchase (-)/disposal (+) of property, plant and equipment	-13,006	-7,463
Purchase (-)/disposal (+) of other financial assets	-561	150
Net cash used in investing activities	**-15,162**	**-7,823**
Cash flows from financing activities		
Operations with treasury shares	1,383	455
Other net equity variations	443	579
Interest paid	-199	-195
Movements on long-term borrowings	-186	-186
Final dividend paid	-19,933	-16,130
Net cash used in financing activities	**-18,492**	**-15,477**
Net increase (+)/ decrease (-) in cash and cash equivalents	**-4,054**	**23,244**
Cash and cash equivalents at beginning of period	**21,426**	**19,932**
Cash and cash equivalents at end of period	**17,372**	**43,176**

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	Minority interest	Total equity
Balance as per December 31, 2011	**8,342**	**54,112**	**-6,915**	**127**	**55,666**	**8**	**55.674**
Total comprehensive income for the period		37,548		0	37,548	0	37,548
Share-based payments		854			854		854
Operations with treasury shares			455		455		455
Final dividend		-16,130			-16,130		-16,130
Balance as per September 30, 2012	**8,342**	**76,384**	**-6,460**	**127**	**78,394**	**8**	**78,402**

(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					0	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**

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 months period ended September 30, 2013 are established and presented in accordance with IAS 34, 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 2012 consolidated financial statements. The Company's IFRS accounting policies and methods are available in the 2012 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)	**9M13**	**9M12**
Net profit for the period – IFRS	23,302	37,371
Allocation to Employees Profit Sharing Plan	755	507
Stock Option Plan	338	347
Amortization and impairment on acquired technology and IP	437	484
Amortization/impairment on Tax Shelter rights assets	6	156
Contribution of dcinex	-289	-52
Net profit from operations, excl. dcinex	**24,549**	**38,813**

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, review the operating results and operating plans, and make 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 abovementioned 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.

3Q13	3Q12	% 3Q13/ 3Q12	Revenue (EUR thousands)	9M13	9M12	% 9M13/ 9M12
19,540	22,778	-14.2%	Sports	65,906	75,604	-12.8%
8,406	10,196	-17.6%	Entertainment, News & Media	24,120	26,730	-9.8%
10	6,494	N/A	Big sporting event rentals	540	10,001	-94.6%
27,956	**39,468**	**-29.2%**	**Total Revenue**	**90,567**	**112,335**	**-19.4%**

2012 segment split has been slightly reviewed compared to the numbers published on March 15, 2013 during the investor day, following a deeper analysis of the different destinations. In particular, around 10% of former OB sales have been reallocated to ENM and this percentage shall be more accurate as the year goes.

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**
3Q13 revenue	**6,411**	**14,827**	**6,708**	**10**	**27,956**
Evolution versus 3Q12 (%)	-16.6%	+3.8%	-39.0%	N/A	**-29.2%**
Variation versus 3Q12 (%) at constant currency	-16.6%	+3.8%	-35.4%	N/A	**-28.2%**
3Q12 revenue	**7,690**	**14,287**	**10,997**	**6,494**	**39,468**

Revenue for 9 months (EUR thousands)	**APAC excl. events**	**EMEA excl. events**	**Americas excl. events**	**Big event rentals**	**TOTAL**
9M13 revenue	**25,226**	**46,474**	**18,326**	**540**	**90,566**
Evolution versus 9M12 (%)	+20.3%	-10.7%	-37.5%	-94.6%	**-19.4%**
Variation versus 9M12 (%) at constant currency	+20.3%	-10.7%	-35.8%	-94.4%	**-18.9%**
9M12 revenue	**20,970**	**52,031**	**29,334**	**10,000**	**112,335**

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 17.7 million in the last 12 months).

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.

3Q13	3Q12	% 3Q13/ 3Q12	Revenue (EUR thousands)	9M13	9M12	% 9M13/ 9M12
25,848	36,475	-29.1%	Systems	84,938	105,509	-19.5%
2,108	2,993	-29.6%	Services	5,628	6,826	-17.5%
27,956	**39,468**	**-29.2%**	**Total Revenue**	**90,566**	**112,335**	**-19.4%**

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 21, 2013 approved the payment of a total gross dividend of EUR 2.64 per share, including the interim dividend of EUR 1.16 per share paid in November 2012.

The Board of Directors of November 12, 2013 has decided to pay an interim gross dividend of EUR 1.16 per share (EUR 0.87 per share after 25% withholding tax) for the fiscal year 2013, with November 25 as ex-date, November 27 as record date and November 28 as payment date.

(EUR thousands)	# Coupon	2013	2012
- Final dividend for 2011 (EUR 1.20 per share less treasury shares)	14	-	16,130
- Interim dividend for 2012 (EUR 1.16 per share less treasury shares)	15	-	15,606
- 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	
Total dividends paid		**35,583**	**31,736**

NOTE 6: EQUITY SECURITIES

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

	2013	2012
Number of own shares at January 1	**170,053**	**183,372**
Acquisition of own shares on the market	-	-
Sale of own shares on the market	-	-
Allocation to Employees Profit Sharing Plans	-12,239	-11,069
Sales related to Employee Stock Option Plan (ESOP) and other transactions	-24,450	-1,000
Own shares cancellation	-	-
Number of own shares at September 30	**133,364**	**171,303**
Outstanding warrants at September 30	**410,900**	**373,900**

In 9M13, the company has not repurchased any share on the stock market. A total of 24,450 shares were used to satisfy the exercise of warrants by employees. The Ordinary General Meeting of shareholders of May 21, 2013 approved the allocation of 12,239 shares to EVS employees (grant of 23 or 46 shares to each staff member) as a reward for their contribution to the group successes. At the end of September 2013, the company owned 133,364 own shares at an average historical price of EUR 37.71. At the end of September 2013, 410,900 granted warrants were outstanding with an average strike price of EUR 38.58 and an average maturity of December 2015.

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)	9M13	9M12
Gross R&D expenses	17,583	16,754
R&D tax credits for current fiscal year	-873	-840
R&D expenses	**16,710**	**15,914**

NOTE 9: OTHER NET FINANCIAL INCOME / (EXPENSES)

(EUR thousands)	9M13	9M12
Exchange results from statutory accounts	515	-67
Exchange results relating to IFRS consolidation methodology	-154	-1,201
Impairment on Tax Shelter investments	-6	-156
Other financial results	-54	-
Other net financial income / (expenses)	**301**	**-1,424**

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)	9M13	9M12
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	32,755	54,481
Reported tax charge based on the effective tax rate	-10,310	-17,216
Effective tax rate	**31.5%**	**31.6%**
Reconciliation items for the theoretical tax charge		
Tax effect of Tax Shelter	-38	0
Tax effect of deduction for notional interests	-133	-117
Tax effect of non deductible expenditures	406	435
Other increase / (decrease)	413	440
Total tax charge of the group entities computed on the basis of the respective local nominal rates	-9,662	-16,458
Theoretical tax rate (relating to EVS operations, excl. dcinex)	**29.5%**	**30.2%**

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

EVS currently owns 41.3% of dcinex SA share capital and has a fully diluted share of 31.2% in the company. In January 2013, EVS bought back EUR 0.5 million subordinated loan associated with warrants in dcinex SA from another former minority shareholder of the company, bringing EVS fully diluted share in dcinex from 30.3% up to 31.2% while the number of shares EVS holds in dcinex SA remains 41.3%.

As of September 30, 2013, 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 9.2 million.

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

(EUR thousands)	**9M13**	**9M12**
Revenue	63,997	62,035
EBITDA	22,114	15,896
Net result for the period	**700**	**127**
Part of dcinex capital held by EVS	41.3%	41.3%
dcinex contribution – share of EVS	**289**	**52**

The cumulated Tax Loss Carry Forward of dcinex SA amounts to EUR 29.5 million on September 30, 2013. Deferred tax assets are being progressively recognized as the business plan materializes. As at September 30, 2013, 60% of deferred tax assets relating to these losses have been recognized.

NOTE 12: GOODWILL

In May 2013, EVS acquired a minority stake (25.1% of the voting shares) in a private company based in Europe ("the Company") 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.

Based on current and potential future EVS involvement in this Company, it is fully consolidated as from May 2013 and non controlling interest is accounted for 74.9%. The acquisition has been accounted for using the acquisition method.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

(EUR thousands)	**Fair value**
Intangible assets	185
Cash	800
Receivables	700
Payables	-185
Total net assets	*** 1,500**
EVS share	25.1%
Total net assets attributable to EVS	**375**
Fair value of consideration paid	
Cash	-1,500
Total consideration	**-1,500**
Goodwill	**1,125**

* including the amount that EVS is committed to convert in equity during the next years.

Since the acquisition date in 2Q13, the Company has contributed EUR 0 million to EVS revenues, EUR -1.1 million to EBIT and EUR -0.6 million to net group profit, including non-controlling interest. At September 30, 2013, intangible assets and goodwill amount to EUR 1.3 million. The initial accounting of the intangible assets is subject to changes during the assessment period of maximum one year. The Company should start generating revenues in 2014.

NOTE 13: HEADCOUNT

(in full time equivalents)	**At September 30**	**Nine-months average**
2013	482	472
2012	438	427
Variation	*+10.0%*	*+10.5%*

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**
2013	1.3171	1.3240	1.3505
2012	1.2813	1.2502	1.2930
Variation	*-2.7%*	*-5.6%*	*-4.25%*

For 3Q13, the average US dollar exchange rate against the Euro has decreased by 5.6% compared to 3Q12. It had a negative impact of EUR 0.4 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 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, 2013, the group held USD 5.0 million in forward exchange contracts earmarked to hedge 50% of the net future cash-flows in US dollars, with an average maturity date of April 12, 2014, and with an average exchange rate EUR/USD of 1.2904.

NOTE 16: FINANCIAL DEBT AND NEW BUILDING INVESTMENT

In order to partially finance its new HQ and operating facilities of slightly more than EUR 45 million (EUR 31 million net of the resale value of existing facilities and subsidies), a roll-over straight loan for EUR 14 million has been made available to EVS since July 2012, at an interest rate based on EURIBOR 3 months and associated with a silent pledge on the new building. However, as of September 30, 2013, EVS has financed 100% of capital expenditure of the new building with own cash without drawing this straight loan. The new headquarter shall be inaugurated during autumn 2014.

EVS is finalizing the 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%).

NOTE 17: SUBSEQUENT EVENTS

On October 28, 2013, EVS announced a major contract with an existing customer in the APAC region (ENM segment). The value of the contract is slightly above EUR 10 million, and it should be deployed over the 2013-2016 period.

The recruitment process for a new CFO is progressing very well. We expect to make an announcement shortly.

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 2013 and 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

Joop Janssen, Managing Director and CEO
and Jacques Galloy, Director and 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 2013, 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.