

EVS BROADCAST EQUIPMENT

VFB HAPPENING – MARCH 30, 2019

Dr. Pierre DE MUELENAERE, Chairman of the Board & Interim CEO

Geoffroy d'OULTREMONT, VP Investor Relations & Corporate Communication



AGENDA

- ▶ Business update
- ▶ Financial update
- ▶ Guidance
- ▶ Conclusions
- ▶ Questions & Answers

BUSINESS UPDATE - TOPICS

- ▶ EVS – Key facts
- ▶ Special situation in H1-2018
- ▶ Action plan for H2-2018
- ▶ 4Q and FY18 Results
- ▶ Guidance

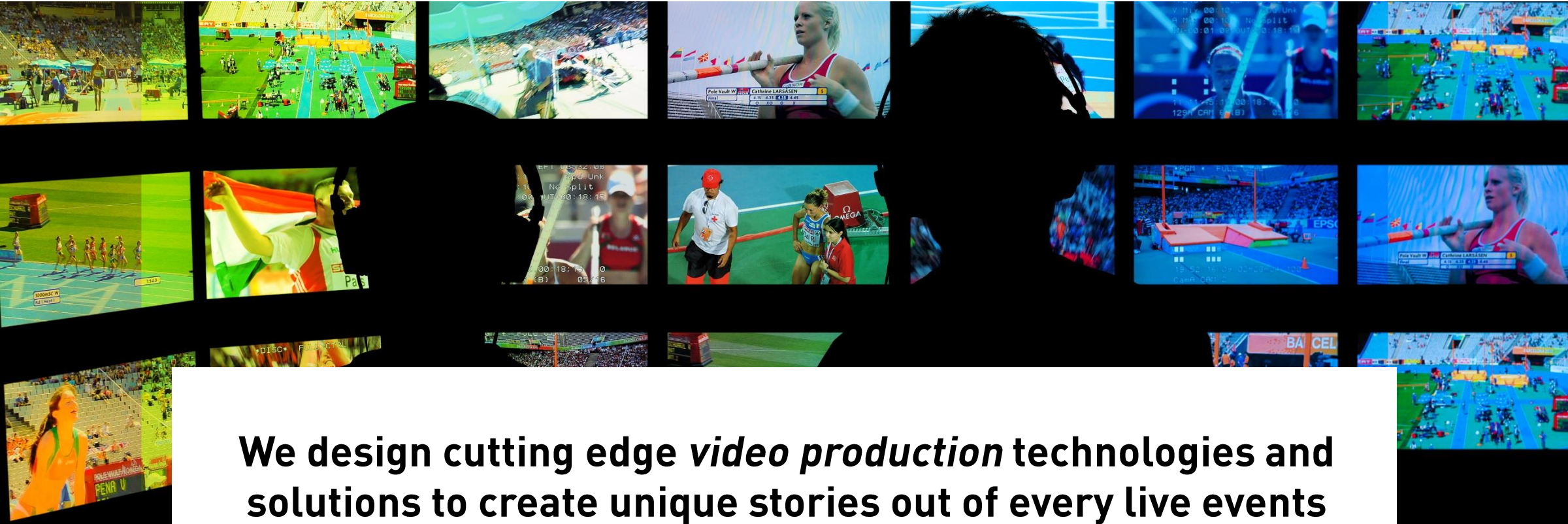


EVS

KEY FACTS

- ✓ Founded in 1994 (Pierre Lhoest, Laurent Minguet, Michel Counson)
- ✓ Profitable since more than 20 years
- ✓ Listed since 1998
- ✓ A World-wide Leader in Live Slow Motion
- ✓ A *Grow and Maintain* Strategy
- ✓ A Big Events (e.g. Olympic games) impact every 2 years
- ✓ A highly profitable company (EBIT Margin >20%)
- ✓ A strong net cash position
- ✓ A regular distribution of dividends (€1/Share in 2018)

EVS LIVE FOCUS MISSION



We design cutting edge *video production* technologies and solutions to create unique stories out of every live events

OUR CUSTOMERS



PRODUCTION COMPANIES



SPORT FEDERATION & LEAGUES



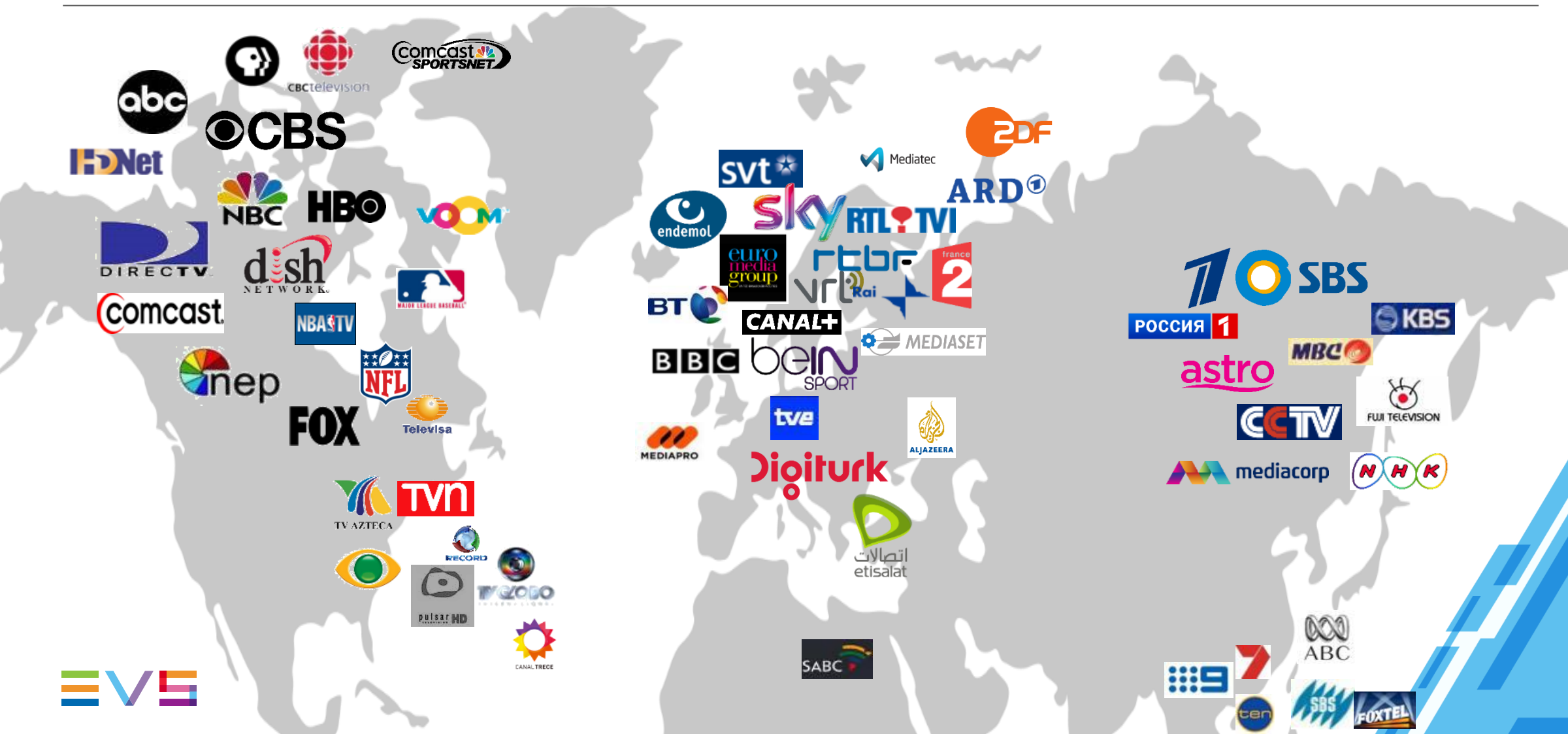
STUDIO & TV STATIONS



OTHER

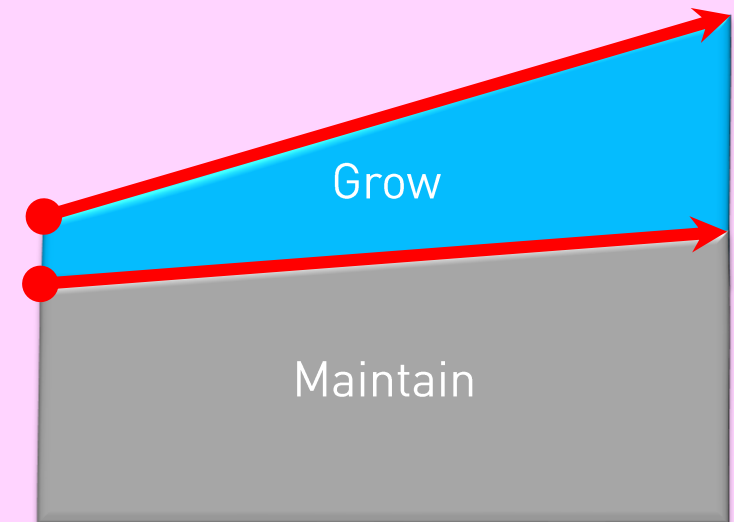
Teams stadiums,
e-Sports, etc.

GLOBAL FOOTPRINT IN HIGH-END LIVE PRODUCTIONS



EVS BUSINESS

EVS Business



■ A *Grow and Maintain* Strategy

- XT ecosystem for OB vans and broadcast centers
- New products and solutions
- New markets

MAINTAIN: EVS IS A STRONG LEADER IN LIVE VIDEO PRODUCTION AND WORKS HARD TO MAINTAIN ITS MARKET SHARE AND REVENUE



- ▶ Maintain a strong ecosystem around the XT platform
- ▶ Adapt to support latest technology evolutions
 - IP – smtp2110
 - 4K
 - Remote production
 - Etc
- ▶ Maintain presence in OB Vans (outside Broadcast) and BC (Broadcast Centers) markets.
- ▶ Develop new business models and partnerships

GROW: EVS IS DEVELOPING A RANGE OF NEW SOLUTIONS FOR NEW APPLICATIONS



DVI

Live Video Production
Switcher

2016

- Find new growth opportunities by leveraging the IP technologies
- Extend the product portfolio leading to a larger customer reach



XEEBRA

Live Video Assistance
for Referees

2017

- E-sports
- IT corporates
- Referee – leagues
- Smaller productions
- Infrastructure

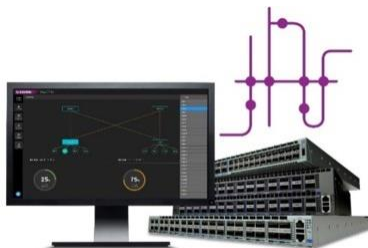


X-ONE

All-in-one Simplified
Production System

2018

2018



S-CORE

Live IP Workflow
Infrastructure

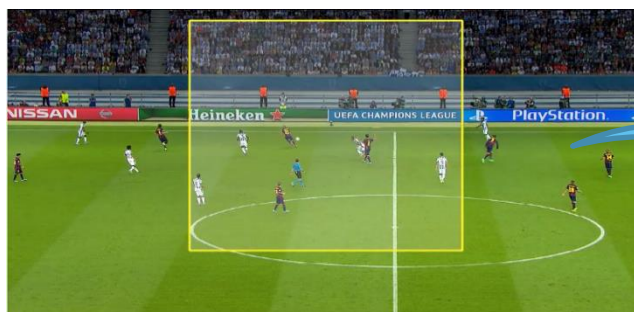
50% growth of
the new products
revenue in 2018

EVS PRODUCTS POWERED BY ARTIFICIAL INTELLIGENCE PROVIDE UNIQUE BENEFITS TO CUSTOMERS AND REDUCE COST

- ▶ Artificial intelligence used by EVS innovation and development teams to empower and simplify live productions
 - ▶ Off-side-line through automatic player and pitch detection
=> no calibration needed
 - ▶ Automatic framing
=> multi-delivery of same content to reach broader audience
 - ▶ Assisted camera selection
=> speed up and simplify the job of TV directors



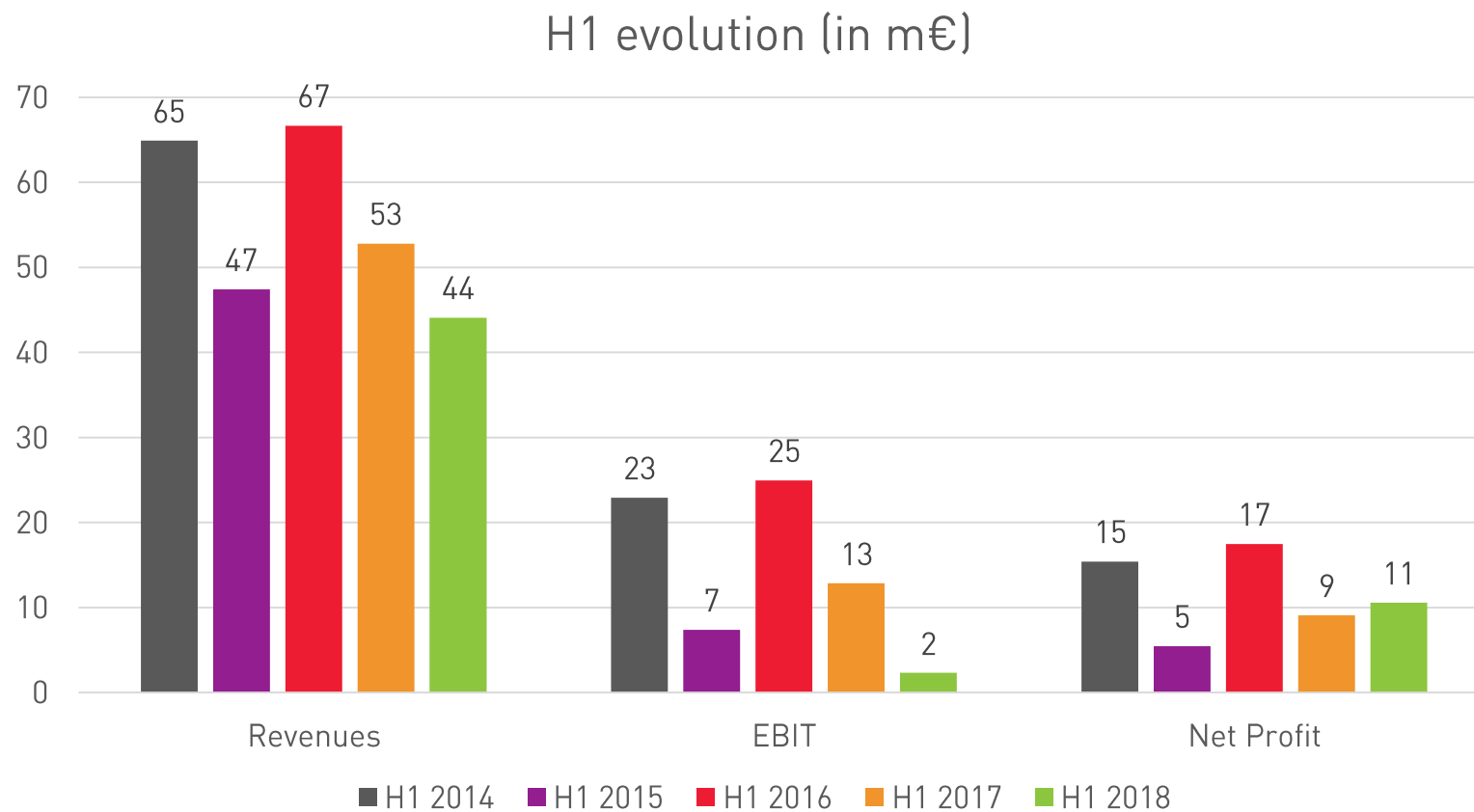
HD screen



Small devices



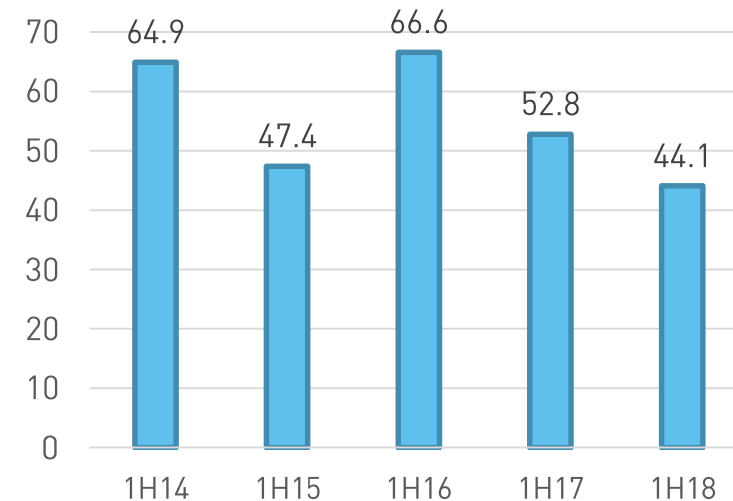
1H18 WAS THE WEAKEST FIRST HALF OF THE LAST 5 YEARS



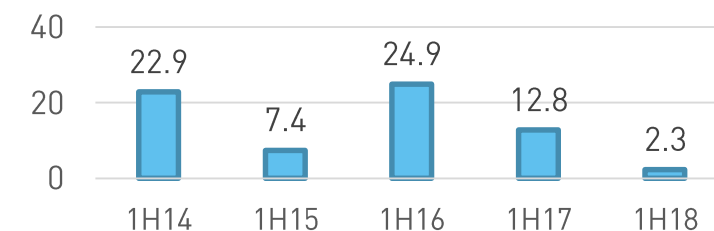
EVS WAS FACING A SPECIAL SITUATION IN H1-2018

- The EVS board has been reshuffled with two leavers and two newcomers (Dr. Pierre De Muelenaere and Vincent Werbrouck)
- Pierre mission was to improve stability and efficiency of the Board
- The H1-2018 is the worst of last 5 years (revenue, EBIT)
- There were significant tensions in the Top management of the company
- A change of CEO was decided to improve on the situation
- Pierre stepped in as Interim CEO, assisted by Vincent Werbrouck

First half revenue



First half EBIT



THE BOARDS DECIDED THAT A SPECIAL ACTION PLAN WAS NEEDED

- ▶ With the help of EVS Management, a Fight-Back Plan has been designed for 2H2018:
 - ▶ Improve OPEX
 - ▶ Maximize the impact of commercial actions
 - ▶ Maximize EBIT
- ▶ With Strong support of the Board and the management, the Fight-Back plan has been implemented:
 - ▶ OPEX reductions have been quickly activated
 - ▶ Significant efforts have been done to maximize the impact of the IBC tradeshow
 - ▶ Significant efforts to maximize the impact of the new products releases
- ▶ 2019 plans and budget have been prepared by an aligned management team

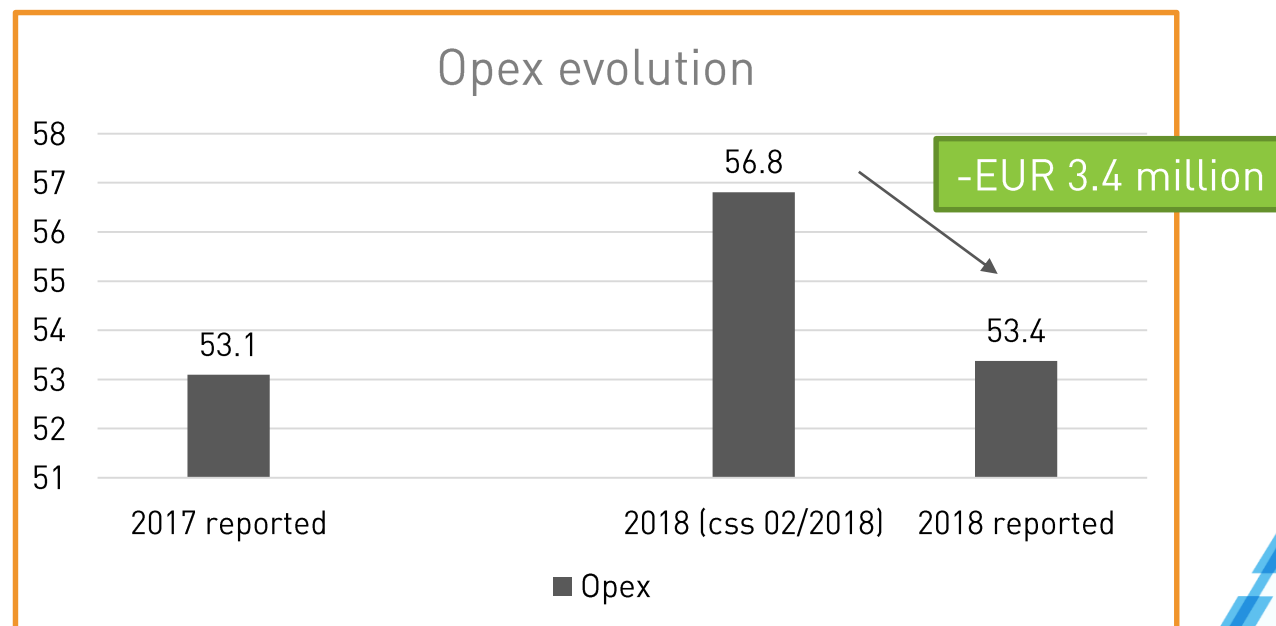
THANKS TO STRONG ACTIONS, EVS HAS BEATEN THE OPEX GUIDANCE

Original OPEX Guidance:

moderate growth on top of the structural salary increase ($\pm 2\%$) in Belgium
(analyst consensus in Feb. 2018: + 6-8%)

Reported 2018 OPEX :

+0.5%



THANKS TO THE COMMITMENT OF ALL EVS TEAMS, NEW KEY PRODUCTS HAVE BEEN RELEASED AND SIGNIFICANT DEALS HAVE BEEN WON!

Products

- ▶ **Shipping of XT-Via (August 2018)**
- ▶ Launch of Xeebra 2.0, including the AI-enabled off-side indicator (August 2018)
- ▶ Launch of X-One 1.1, all-in-one simplified production system (August 2018)
- ▶ Launch of latest version of operating system driving EVS production servers: Multicam 16.00 (September 2018)

Some customer wins

- ▶ XT-Via: NHK (Japan), Gravity Media Group (with Multicam upgrades), CSM (China), Nascar Productions (US), Western Mobile TV (US) ... and many more
- ▶ Dyvi: Clique TV (France), tpc (Switzerland), Kanal 2 (Estonia), etc.



GRAVITY MEDIA GROUP MEETS GROWING UHD-4K CONTENT DEMAND WITH MAJOR EVS TECHNOLOGY INVESTMENT

- Scope:
 - Upgrade of its entire EVS fleet to Multicam 16.0 operating system
 - New XT-VIA servers
- Advantage:
 - Deliver expanded capabilities for its customers
 - Better meet the demands of today's production environments: 1.5G, 3G, UHD-4K, HDR, etc
 - Multicam 16.00 will boost the capacity of Gravity Media's servers and allow them to run on the same XNet-VIA network
- Delivered partially in 2018, 2019 and 2020

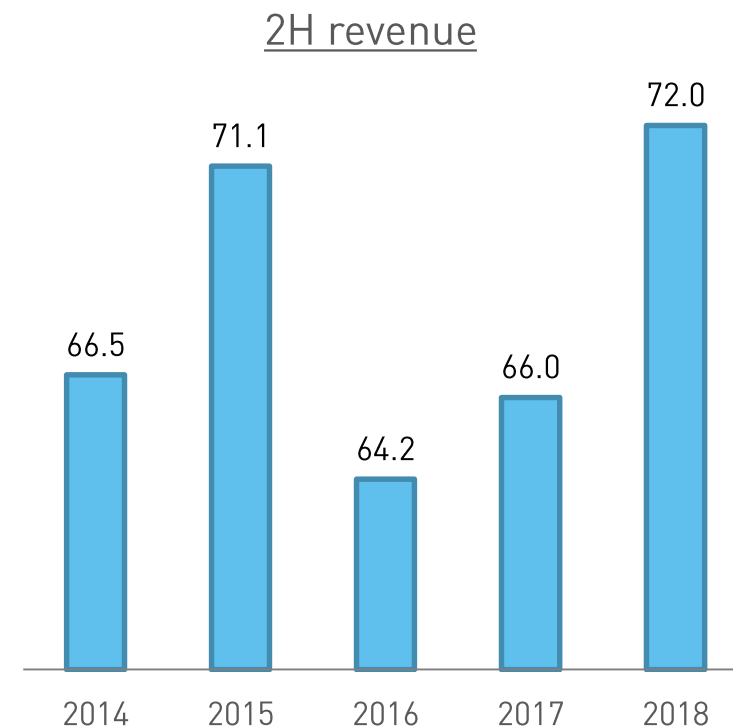


Gravity Media Group



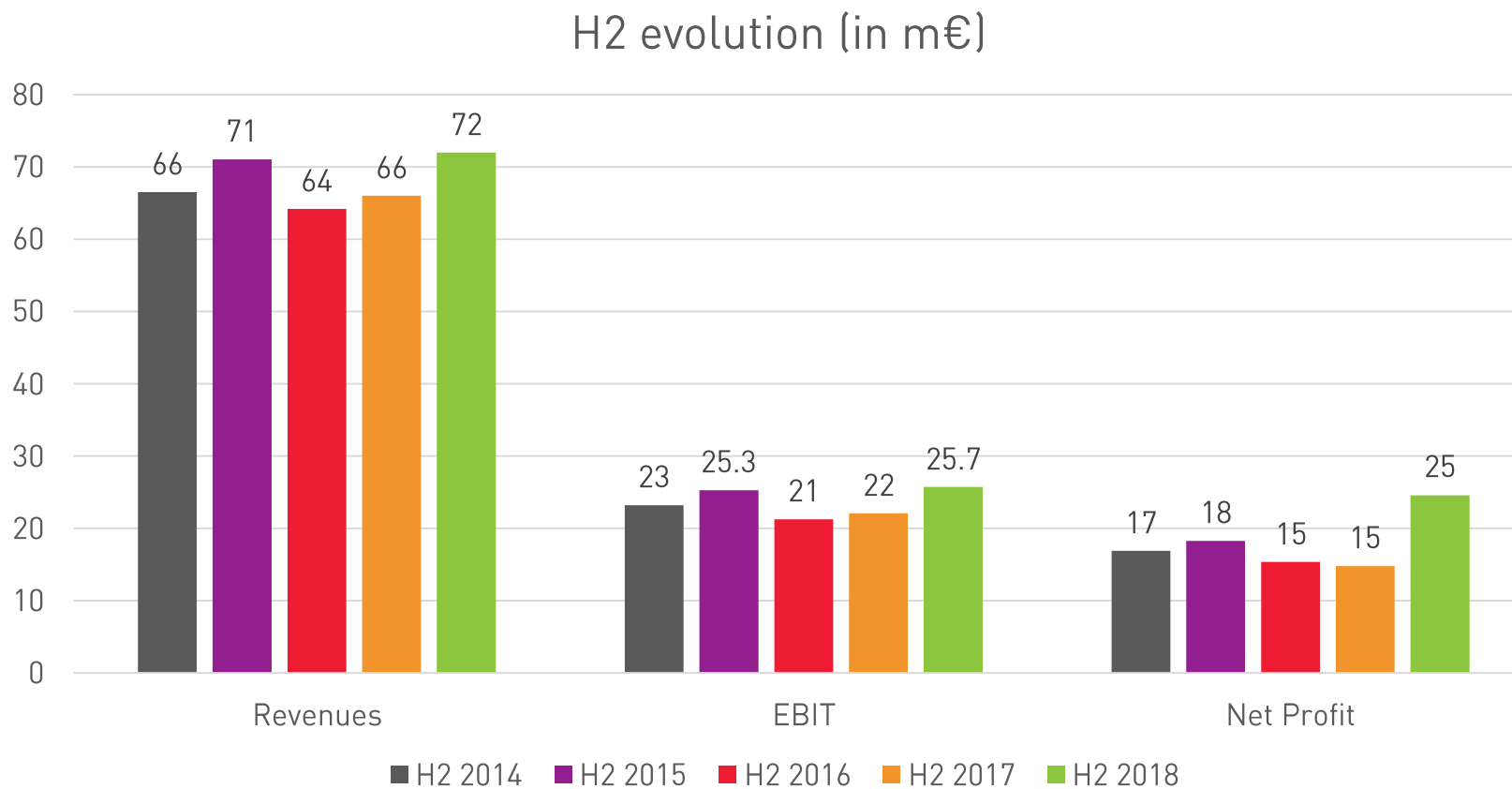
WITH STRONG ACTIONS, THE BUSINESS OF EVS IN 2H18 WAS MUCH BETTER

- H2 is record compared to previous years *
- EVS team worked hard to make a strong H2
- The XT-Via platform is ready for 4K, IP, 1080p, HDR and future proof for new projects
- The DYVI switcher is based on breakthrough technology and new features are constantly added. There are already more than 60 customers in all geographies (USA, Europe, Asia)
- Xeebra is a strong contender in the VAR market and is constantly enhanced. Prestigious customers have been won, including LaLiga (Spanish soccer)



* H2 is record compared to the last 10 years in revenue and EBIT

CONCLUSION: 2H18 WAS RECORD COMPARED TO THE LAST 5 YEARS



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FY18 HIGHLIGHTS

BETTER MOMENTUM IN 2H18 AFTER WEAK 1H18

■ FY Revenue

- In line with guidance
- Traction from XT-Via platform and maximization of the impact of commercial actions in 2H18
- Continued challenging market conditions

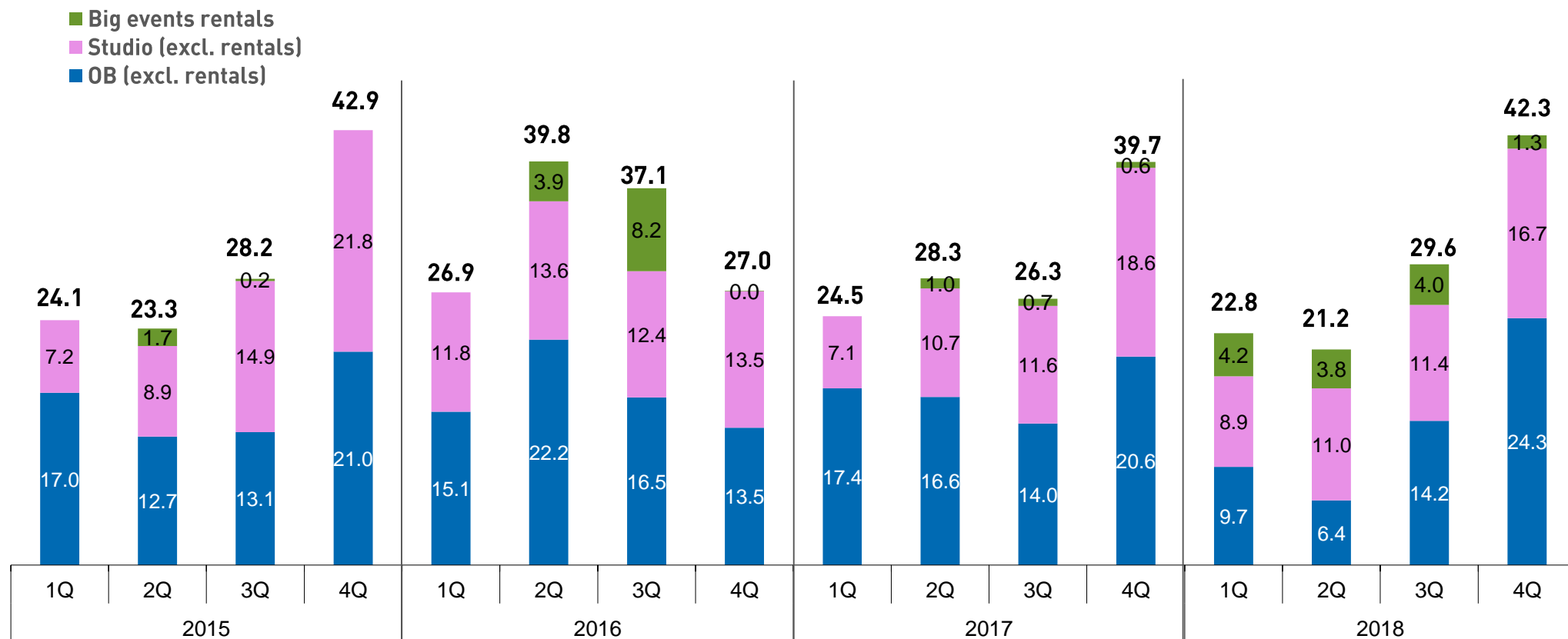
■ FY Profitability

- Steady gross margin
- Opex control (+0.5% yoy), thanks to disciplined cost management and cost reduction initiatives
- Net profit benefits from one-time tax deductions (innovation box regime implementation in Belgium)

■ FY19 outlook

- Revenue: EUR 100-120 million range
- Good momentum around new products, including XT-VIA, in an industry remaining under pressure
- Opex: max +2%

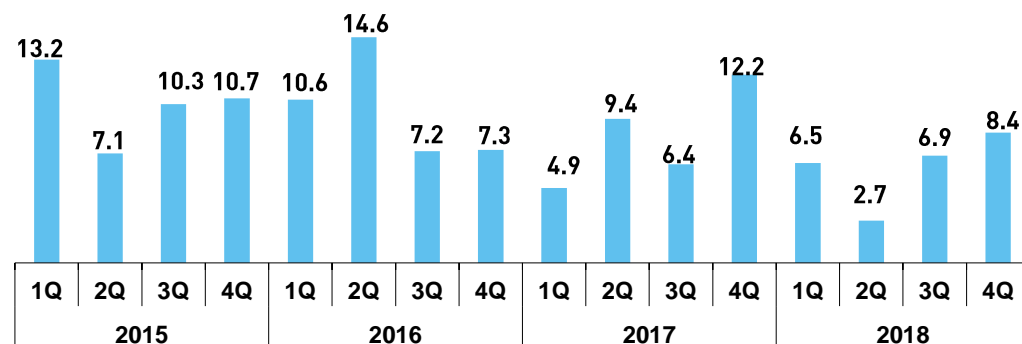
NEAR RECORD Q4 REVENUES THANKS TO STRONG Q4 OB REVENUES PUSHED BY XT-VIA SALES



Q4 REVENUE: GEOGRAPHICAL SPLIT

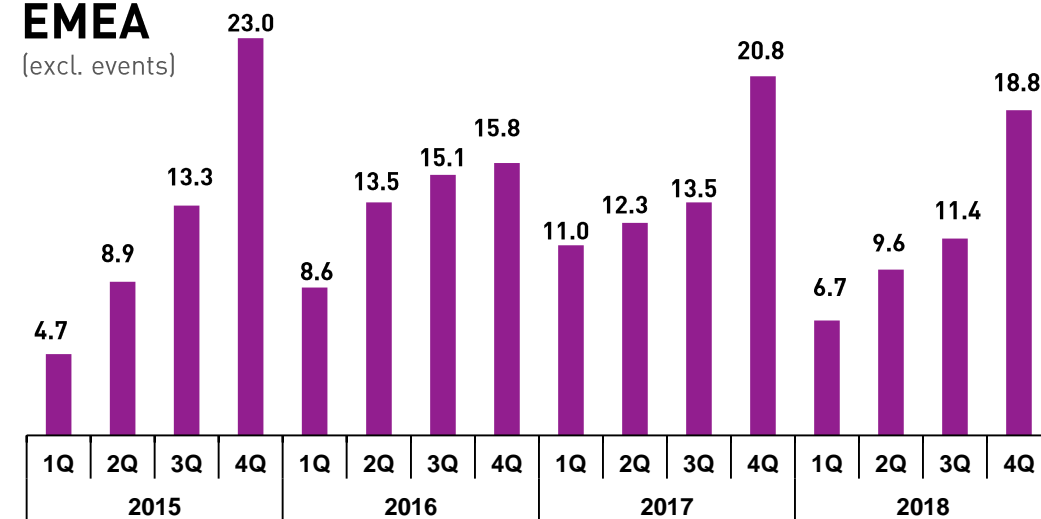
THE AMERICAS

(excl. events)



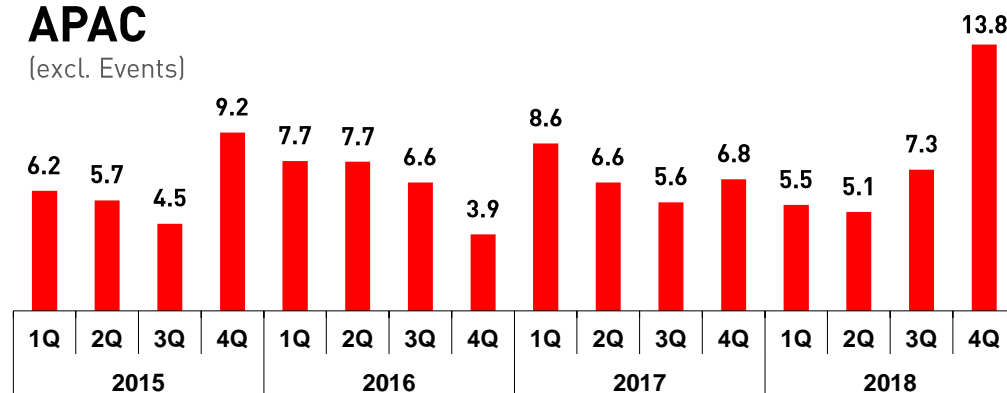
EMEA

(excl. events)

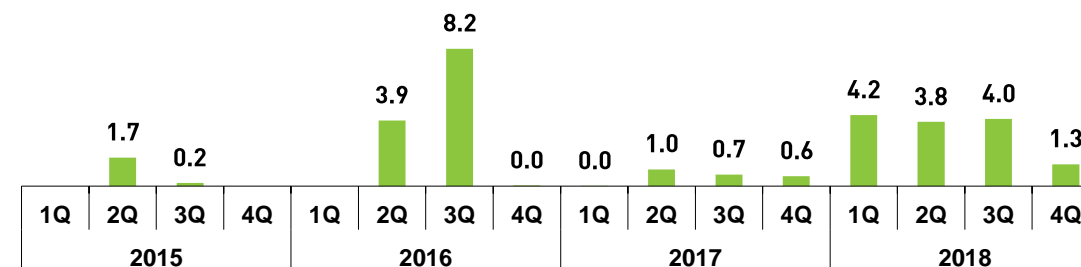


APAC

(excl. Events)



BIG EVENT RENTALS



CONSOLIDATED INCOME STATEMENT FY 2018

In millions of EUR	FY18	FY17
REVENUE	116.1	118.8
Cost of sales	-33.5	-31.2
Gross profit	82.5	87.6
Gross margin %	71.1%	73.7%
S&A	-27.9	-28.1
R&D	-25.4	-25.0
EBIT	28.1	34.9
EBIT MARGIN	24.2%	29.4%
Financial result	-0.2	-1.5
Taxes	7.0	-9.6
NET PROFIT	35.2	23.9
BASICS EPS ¹⁾	2.60	1.77

- ▶ Revenue: -2.3% yoy
- ▶ Gross margin: -2.6ppt yoy
 - Product mix
- ▶ OPEX: +0.5% yoy
 - Strict cost management and recruitment
- ▶ EBIT margin: 24.2%
- ▶ Taxes (EUR 7.0 million vs EUR -9.6 million last year)
 - Innovation Box impact: EUR 11.3 million
 - Geographical mix
 - Changes in local tax rate in Belgium and US
- ▶ EPS: 2.60€

STRONG BALANCE SHEET

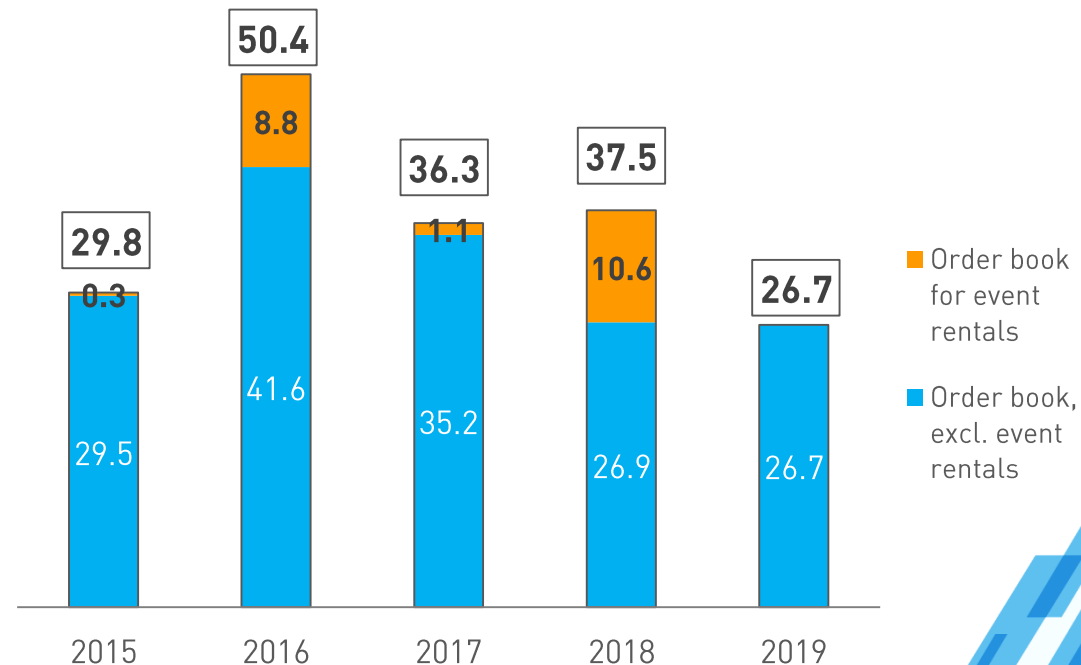
- ▶ EUR 32.0 million net cash from operating activities in 2018 (compared to EUR 11.6 million in 2017)
- ▶ Total equity of EUR 141.3 million (+EUR 36.0 million since the end of 2017)
- ▶ EUR 58.5 million net cash position at the end of 2018
- ▶ Capital increase on December 26, 2018: EUR 14.9 million
- ▶ Share buyback in 2018: EUR 1.2 million (58,580 shares)
- ▶ Total gross dividend of EUR 1.00 per share, equal to 2017 total dividend

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ORDER BOOK @ FEBRUARY 15: EUR 26.7 MILLION

- 2019 order book is -28.8% compared to last year, but -0.7% excl. Big events rentals
- Around 75% should be recognized as revenue in H1
- 50% of the order book related to OB
- Current 2019 order book does not include any big event rentals
- In addition, EUR 5.4 million for 2020 and beyond



GUIDANCE

We made some changes in our financial communication to take into account the feedback received from investors over the last months

2019 financial outlook

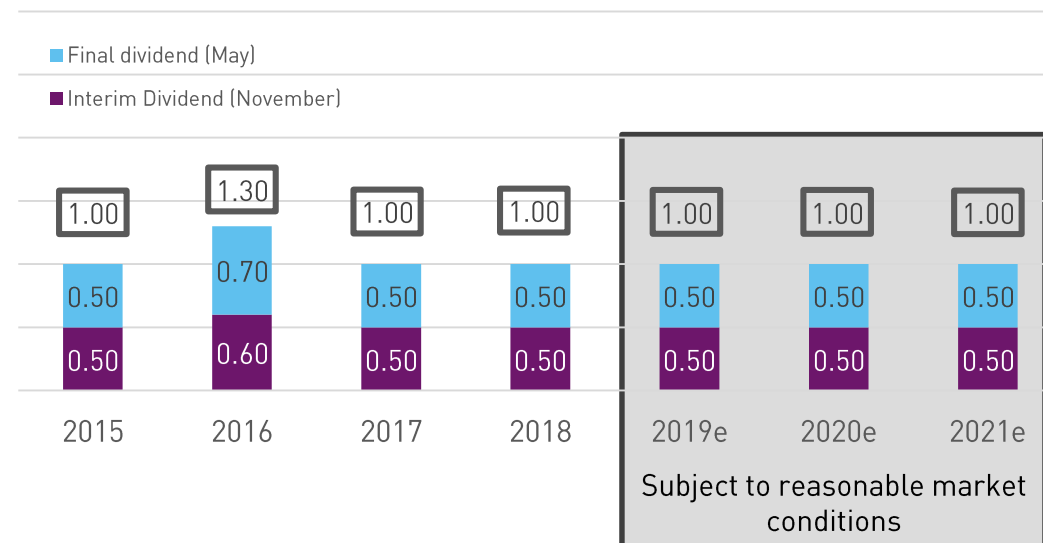
- Change: guidance given earlier, in February (instead of May)
 - Revenue: EUR 100-120 million
 - Opex: less than +2%

Dividend

- Change of dividend policy: stable dividend policy
 - Proposition of total gross dividend of EUR 1.00 for 2018, 2019, 2020 and 2021, subject to reasonable market conditions

Quarterly financial reporting

- Change: limit Q1 and Q3 information to trading update
- Full communication twice a year



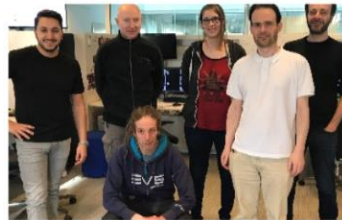
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CONCLUSIONS

- ▶ A special year for EVS
- ▶ A strong action plan with special commitment from all EVS Teams in H2
- ▶ Great products released by the R&D !
- ▶ Important wins by the sales team !
- ▶ 2018 numbers in line with latest guidance
- ▶ Strongest H2 since 10 years (revenue and EBIT)
- ▶ Improved financial communication
 - ▶ Guidance communicated earlier
 - ▶ New dividend policy: EUR 1.00 stable dividend in 2018-2021 period *
 - ▶ Change in quarterly financial reporting
- ▶ 2019 financial outlook reflects continued challenging industry





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