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EVS Broadcast Equipment S.A.: Euronext Brussels (EVS.BR), Bloomberg (EVS BB), Reuters (EVSB.BR)

EVS reports first half 2024 results

Liège, Belgium, August 13th, 2024 – Today EVS (Euronext Brussels: EVS.BR; Bloomberg: EVS BB; Reuters: EVSB.BR) announced results for the six-month period ended 30 June 2024¹.

Half year results confirm profitable growth ambition for 2024

The financial performance of the first semester of 2024 confirms the growth track set out by EVS.

First half financial performance highlights

- Order intake of EUR 87.0 million, including EUR 7.8 million for 2024 Big Event Rental, demonstrating a growth of 7.1%. The overall pipeline for the year is strong (+44%), supporting growth of order intake at full year level, securing long-term growth perspectives.
- Revenue in the first six months of the year amounts to EUR 98.1 million, growing +12.2% YoY, including EUR 4.5 million Big Event Rental revenue.
- Gross margin performance remains strong at 71.9%, partly influenced by a change in accounting treatment of internal assets (+1.2Pts vs. 1H23 post adjustment).
- Net profit amounts to EUR 21.8 million, leading to a diluted earnings per share of EUR 1.54 (an improvement of EUR 0.02 compared to 1H23 results).

Outlook

- The secured revenue for 2024 is at EUR 172.2 million at the end of June, providing a solid base to confirm our growth ambition for the year 2024. Out of this total secured revenue number, EUR 14.4 million is linked to Big Event Rental revenue.
- Based on the secured revenue for 2024 and the solid pipeline, but also taking into account the M&A transaction signed, the revenue guidance is increased from an initial range of EUR 180-195 million to EUR 190-200 million.
- The long-term order book - beyond 2024 - is growing to EUR 67.6 million, an increase of EUR 14.9 million compared to the beginning of the year 2024.
- The full-year EBIT guidance is increased from the initial range of EUR 38-45 million to EUR 40-46 million.
- Overall pipeline is strong, growing by 44% compared to last year, and confirms our ability to capture further growth in order intake in 2H24 as to prepare the year 2025.

¹ Please refer to our Half-Year Financial Report for detailed financials and auditor's review report

Key figures

EUR millions, except earnings per share expressed in EUR	1H24 Reviewed	1H23 Reviewed	1H23 Adjusted ⁽¹⁾	Variance
Revenue	98.1	87.4	87.4	10.7
Gross profit	70.6	61.2	61.8	8.8
Gross margin %	71.9%	70.1%	70.7%	+1.2 Pts
Operating profit – EBIT	23.9	25.0	25.0	-1.1
Operating margin – EBIT %	24.3%	28.6%	28.6%	-4.3 Pts
Net profit (Group share)	21.8	21.2	21.2	0.6
Fully diluted earnings per share (Group share)	1.54	1.52	1.52	0.02

(1) Retrospective adjustment related to the change in accounting policy on the presentation of materials produced for internal purposes from inventory to other tangible assets, to allow comparability with 1H24. See additional details in the Half-Year Financial Report

Comments

Serge Van Herck, CEO, comments:

“I am proud to announce that 1H24 has marked a new milestone for EVS, with revenues reaching a newhigh of EUR 98.1 million. Our net profit has further grown to EUR 21.8 million, reflecting the continued success and execution of our PlayForward strategy that focuses on profitable and sustainable growth. Positive customer feedback on our latest solution launches like VIA MAP, has significantly contributed to the expansion of our total pipeline, reinforcing our confidence in achieving yet another record-breaking year.

A notable highlight of this period is our successful support of key customers in delivering major sporting events earlier this year in Europe, contributing close to EUR 4.5 million to our Big Event Rental business. This achievement underscores our capability to handle large-scale, high-profile projects and further solidifies our reputation in the live production industry. Additionally, we are proud to announce the successful support and live production of another major international sporting event in Europe during this summer viewed by billions of people around the world, which will further boost our Big Event Rental business in the second half of the year.

Our growth in H1 has been primarily driven by the expansion of our Live Audience Business and Big Event Rental. We are also pleased to see strong revenue growth in two of our main markets, EMEA and NALA, which continue to drive our overall business expansion.

Furthermore, our Generative AI solutions, such as XtraMotion, are being increasingly utilized to enhance the emotional impact of slow-motion replays. These advanced solutions allow any type of broadcast camera to generate high-quality slow-motion footage, adding a new dimension to the viewing experience.

Our operational costs remain under control and are mainly increasing due to inflation, the expansion of our teams, and the depreciation of the capex investments we made over the past two years to develop our VIA MAP solution. We are committed to maintaining a balanced approach to cost management while continuing to invest in key areas that drive our growth. While we are optimistic about our long-term prospects, we recognize the importance of being prudent in our financial and operational planning. Our focus remains on profitable and sustainable growth, ensuring operational efficiency, and maintaining a strong balance sheet to weather any potential disruptions.

This remarkable performance would not have been possible without the unwavering support of our customers, the dedication of our team members, the crucial contributions of our channel partners, and the expertise of EVS operators around the world. Each of these actors plays a vital role in our success.

Our recent announcement of the acquisition of MOG Technologies and our investment in Tinkerlist, will help us to further expand and support our future revenue ambitions.

Given our robust performance in the first half, we are confident that we will deliver a new revenue record this year. Consequently, we are increasing our revenue guidance for 2024 to a range of EUR 190 million to EUR 200 million. This optimistic outlook is a testament to the collective effort and commitment of everyone involved in our journey.”

Commenting on the results and the outlook, Veerle De Wit, CFO, said:

“The results of the 1st half of 2024 continue to underpin our growth trajectory. We confirm our continued growth track and this is reflected in our upgraded guidance.

We continue to optimize our financial discipline by enhancing the transparency of our reporting. We have implemented new ways of working, that will improve the comparison of our financial data. In this context, we have implemented a new accounting treatment to follow up on our internal assets and are improving our reporting when it comes to project revenue (see further comments).

Our gross profit evolution continues to be balanced, with nearly all solutions gaining ground in terms of profitability, demonstrating our ability to balance price increases, taking into account macro-economic challenges.

Our costs demonstrate a growing pattern, but are well controlled: we keep monitoring the balance of a company with growing needs and profitability. Our growing cost base is primarily invested in additional team members to ensure we capture the opportunities we see in the market. Our cost base is also influenced by the depreciation of past intangibles (IAS38), whilst we are closely monitoring the return of these investments. After the official commercial launch of the VIA-MAP on July 1st of 2024, we are currently deploying the first on-air installations of this new solution. We also identified multiple strategic must win opportunities, that we will be working on over the next few months.

We have started the development of one new intangible project, with a limited impact in 1H24 of EUR 0.5 million, linked to evolution of technology foundations balancing HW with SW capabilities.

Finally, our balance sheet remains strong with a very solid cash position and open receivables that demonstrate a very sound composure in terms of current versus aged receivables.

All these promising results lead to an upgrade of our guidance both in revenue and EBIT: the revenue guidance is set at EUR 190-200 million with an associated EBIT guidance of EUR 40-46 million. The acquisition of MOG technology is expected to contribute to our revenue performance in 4Q24 for approximately EUR 0.9 million, with a neutral contribution at EBIT level.”

Technology

EVS continues to further develop its 3 solutions (LiveCeption, MediaCeption and MediaInfra) with continuous improvements in terms of production efficiency and flexibility.

Beyond XTRAMOTION, EVS will present at IBC new AI based effects that will be integrated as part of LiveCeption workflows. Thanks to these effects (cinematic & zoom), the Live Service Providers and the Live Audience Business customers will enhance the images from any camera.

VIA-MAP is bridging the gap between production and distribution: the workflows become more efficient and can be more automated. MediaHub benefits from new advanced search capabilities for the right-holders to retrieve faster the content they are looking for, allowing optimal monetization of their content.

MediaInfra proposes new capabilities in the form of Neuron View and Neuron Bridge to increase the level of flexibility. Thanks to a new Cerebrum module dedicated to resource management, customers can better and dynamically manage their resources as part of the workflows, again improving the overall efficiency.

The new pricing model supported by XT-VIA makes the replay server more relevant for budget productions at the same time allowing full flexibility to use different tiers of the same product later for a premium production.

Corporate topics

Earlier in August, EVS announced two transactions that will strengthen the EVS solutions:

- acquisition of 100% of the shares of MOG Technologies – a Portugal based company with around 50 highly skilled team members - renowned for its cloud and SW digital media and video production tools. Thanks to this acquisition, EVS will strengthen MediaCeption and MediaHub solutions. EVS will also have access to a pool of highly skilled talent and experts in the industry. The transaction closing still requires formal confirmations in the coming months, and the expected close date is set for 4Q24. MOG Technologies is expected to contribute to our revenue performance in 4Q24.
- acquisition of a minority stake position in the Belgian Company TinkerList, a leading innovator in the media production industry, having developed Cuez – the World’s First Cloud-Based Rundown Management System – as a cutting-edge web application and automation system designed to connect seamlessly with a wide variety of production devices. TinkerList products will be enhancing the EVS Flexible Control Room and MediaCeption solutions through a strategic partnership in addition to the M&A transaction.

Beyond these M&A transactions, EVS continues to broaden the number of technology partners in its ecosystem to either ensure interoperability with 3rd-party systems or to include new capabilities in its solutions to simplify the operation of the ever more complex content factories.

EVS initiated a new evolution of its HW technology foundations for mid-term smooth evolutions of its products and solutions as a new IAS-38 intangible asset project.

Supply chain of electronic components remains a point of attention for the company, though the market is gradually stabilizing, considering the evolutions of the economy and the current geo-political tensions.

During the first part of the year, many EVS team members have been involved in various kinds of support (development of cutting-edge features, integration of 3rd-party systems, Quality Assurance, project management, local support, etc...) of the major summer events, helping the host broadcasters to broadcast the best images, continuously creating return on emotion.

In terms of governance, the leadership team has evolved with strategic promotions for Quentin Grutman and Nicolas Bourdon and the nomination of Oscar Teran, the 3 of them bringing a wealth of experience and deep understanding of our industry to deliver cutting-edge solutions and exceptional service to our global customer base. The rationale for the evolution of the leadership team is to allow specific focus on strategic customer relationships, whilst driving global sales and marketing, and advancing product innovation.

Ecovadis, a renowned provider of business sustainability ratings, has granted EVS a Silver medal in acknowledgment of its top sustainability performance for the year 2023.

First half revenue

Revenue reached EUR 98.1 million in 1H24, representing an increase of EUR 10.7 million or 12.2% compared to 1H23.

The impact of exchange rate conversions was minimal, resulting in a growth of revenue at constant currency of 12.2% YoY. Taking out the seasonal impact of the Big Event Rental, the growth of 1H24 was of 7.2%.

Revenue – EUR millions	1H24	1H23	Variance
Total reported	98.1	87.4	12.2%
Total at constant currency	98.1	87.4	12.2%
Total at constant currency and excluding Big Event Rentals	93.6	87.3	7.2%

Currency fluctuations primarily impact EVS revenues by the EUR/USD conversion, which can have a significant impact on our results even if EUR/USD fluctuations also impact the cost of our US operations and partially our cost of goods sold.

In the first half of the year, excluding Big Event Rentals, LSP represented 48% of the revenue (56% in 1H23) and LAB 52% (44% in 1H23). The trend demonstrated by this performance is reflecting the long-term growth patterns laid out in our PLAYForward strategic plan.

Geographically, revenues are distributed as follows in 1H24 (excl. Big Event Rentals):

- **Europe, Middle East and Africa (EMEA):** EUR 49.2 million (EUR 41.8 million in 1H23), growing 17.7% and reconfirming the strong growth in the region.

- **Americas (NALA):** EUR 34.1 million (EUR 28.6 million in 1H23), growing 19.2% continuing the strong performance since multiple quarters.
- **Asia & Pacific (APAC):** EUR 10.3 million (EUR 17.0 million in 1H23), decreasing -39.4%, impacted by the timing for the completion of major customers projects in the Region (large order delivered in 1H23 vs. similar project expected to be delivered in 2H24).

First half earnings

Consolidated gross margin was 71.9% for 1H24, compared to 70.7% in 1H23. This increase is a combination of changes in the presentation of certain elements, which were previously included in our inventory and are now classified as other tangible assets, an overall improvement in our Bill Of Material cost and the fact that 2024 is a Big events rental year, which has a positive impact on our consolidated gross margin.

Operating expenses increased by 23% YoY as a consequence of investments in resources (+42 FTE on average) made in the past 12 months as well as some transformation projects we are running as a company. All these investments are done to support our long term ambition. In addition to the impact related to team members, the increase in operating expenses is explained by the depreciation of internally developed intangible assets. Furthermore, as 2024 is a Big events rental year, additional expenses are required to support these events and ensure their success.

In terms of intangible assets, EVS continues to invest: a new intangible asset project was launched that should fuel our future growth. This investment represents EUR 0.5 million in 1H24. The projected spend is of EUR 5.9 million over a period of 3 years, with planned return on invest as of 2027.

The 1H24 EBIT margin remains strong at 24.3%, compared to 28.5% in 1H23: the strong revenue performance is coming with an increased cost base as a result of the hirings done over the past 9 months. The balance remains strong though and is in line with expectations.

Financial result in the period amounts to EUR 1.1 million, mainly driven by EUR/USD foreign exchange gains realized and unrealized, interest revenue and valuation gains on short term deposits, and interests on leases to customers, partially offset by interest expenses mainly on office and car leases.

Income taxes are at EUR 3.1 million, compared to EUR 3.7 million last year: this decrease is driven by a reduction in current tax expenses linked to the change in the Transfer Pricing profile of our entity in the Netherlands, leading to a decrease in its profit before taxes and current tax provision, and by a reduction in the deferred tax expenses linked to the consumption of the tax latencies from previous years in Belgium over the last 3 years, resulting in a reduced amount of deferred tax assets that can be utilized against future taxable profit compared to the same period last year.

The group net profit amounted to EUR 21.8 million in 1H24, compared to EUR 21.2 million in 1H23. Fully diluted earnings per share amounted to EUR 1.54 in 1H24, compared to EUR 1.52 in 1H23.

Second half outlook

Based on the secured revenue on June 30, 2024 at EUR 172.2 million (+8.5% growth compared to EUR 158.7 million last year at the same date), and based on the strong profit performance, we are confident to achieve our ambitions of profitable growth for the year 2024.

The results of the first semester, together with our perspectives for the following months, lead to an upgrade of our revenue guidance from an initial range of EUR 180-195 million towards a range EUR 190-200 million. At the same time, the EBIT range is also reviewed towards EUR 40-46 million (compared to an initial range of EUR 38-45 million)

Next to our progress on 2024, we also continue to build the future. In addition to secured revenue for 2024, EVS has secured a long-term order book worth EUR 67.6 million (EUR +14.9 million compared to the situation at the beginning of the year). Our pipeline is also promising, demonstrating a strong growth and allowing us to continue increasing our order intake on the full year basis.

Glossary

Term	Definition
Secured revenue	Revenue already recognized as well as open orders on hand that will be recognized as revenue in the fiscal year.
Order book <date>	Revenues planned to be recognized after the <date> based on current orders.
LAB market pillar	<p>LAB – Live Audience Business Revenue from customers leveraging EVS products and solutions to create content for their own purpose. This market pillar covers the following types of customers: Broadcasters, Stadium, House of Worship, Corporate Media Centers, Sports organizations, Government & institutions, University & Colleges.</p>
LSP market pillar	<p>LSP – Live Service Providers Revenue from customers leveraging EVS products and solutions to serve “LAB customers” This market pillar covers the following types of customers: Rental & facilities companies, Production companies, Freelance operators, Technology partners & system integrators buying for their own purpose.</p>
BER market pillar	<p>BER – Big Events Rental Revenue from major non-yearly big events rental. This market pillar covers the following types of customers: host broadcasters for major events.</p>
Bill of material cost	The bill of material cost includes all components and parts required to produce the revenue. It does not include labor.
Days of sales outstanding	Days sales outstanding (DSO) is the average number of days it takes a company to receive payment for a sale.
Working capital	Working capital, also known as net working capital (NWC), is the difference between a company's current assets—such as cash, accounts receivable/customers' unpaid bills, and inventories of raw materials and finished goods—and its current liabilities, such as accounts payable and debts.

In case of discrepancies between the English and the French Version, the English Version prevails.

Conference call

EVS will hold a conference call in English tomorrow, August 14th 2024 at 10.00 am 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.

Participants must register for the conference using the link provided below. Upon registering, each participant will be provided with Participant Dial In Numbers, Direct Event Passcode and unique Registrant ID.

1. Online registration: <https://register.vevent.com/register/Blb5d20e576e17478f9c9f8342c104fde5>
2. Webcast Player URL: <https://edge.media-server.com/mmc/p/3hiwaw5v>

Corporate Calendar

November 14th , 2024: 3Q24 Trading update (post market closing)

For more information, please contact:

Veerle De Wit, CFO*
EVS Broadcast Equipment S.A., Liege Science Park, 13 rue Bois Saint-Jean, B-4102 Seraing, Belgium
Tel: +32 4 361 70 04. E-Mail: corpcom@evs.com; www.evs.com
* representing a SRL

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 us

We create return on emotion

EVS is globally recognized as a leading provider in live video technology for broadcast and new media productions. Spanning the entire production process, EVS solutions are trusted by production teams worldwide to deliver the most gripping live sports images, buzzing entertainment shows and breaking news to billions of viewers every day – and in real-time. As we continue to expand our footprint, our dedication to sustainable growth for both our business and the industry is clearly demonstrated through our ESG strategy. This commitment is not only reflected in our results, but also in our high ratings from different agencies.

Headquartered in Liège, Belgium, the company has a global presence with offices in Australia, Asia, the Middle East, Europe, North and Latin America, employing over 600 team members and ensuring sales, training and technical support to more than 100 countries.

EVS is a public company traded on Euronext Brussels: EVS, ISIN: BE0003820371. EVS is, amongst others, part of the Euronext Tech Leaders and Euronext BEL Mid indices.

For more information, please visit www.evs.com.

