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

EVS Q3 2019 Business update

- > **EVS global leader in live video technology for broadcast and new media productions today announces its business update for the third quarter ending 30 September 2019.**

HIGHLIGHTS

- *Appointment of Serge Van Herck as new CEO*
- *The Broadcast Market conditions remain difficult with slower than anticipated transition to UHD (4K)*
- *In APAC region, political and trade relation issues are creating uncertainty and delayed investment decisions that negatively impact EVS Business*
- *Slower order intake due to market conditions, full year revenues are expected between EUR 100 million – EUR 110 million*
- *Improvement of the guidance on OPEX from flat opex to moderate decline around -3% Year over Year thanks to strict cost management and cost reductions initiatives*
- *Distribution of an interim dividend of EUR 0,50 per share*

Comments

Serge Van Herck, CEO comments: *“These last two months have been very intensive and informative, and I am happy to see that we have many strengths on which we can further build the future; team members with a lot of passion and expertise, deep customer relations and a strong market reputation thanks to innovative and reliable products and services.”*

“I also feel a lot of commitment to keeping EVS as the leader in a challenging and constantly changing industry. We already started reviewing and optimizing on our plans for the future, which we have called internally our “PlayForward” project. This exercise is the evolution of the many initiatives and reflections that have been made in recent years and continued by Pierre de Muelenaere and the management team. I am also particularly pleased with the latest “Broadcast Tech Innovation 2019” and “IABM BaM IBC 2019” awards that EVS has received for the best e-sports production and for Overcam, a software solution driven by machine learning that enables autonomous control of robotic cameras in live sports. This demonstrates the quality and capability of our teams' work and their ability to anticipate solutions in emerging and promising markets such as e-sports and lean production systems.”

Dr. Pierre De Muelenaere, Chairman of the Board and Interim CEO added: *“I am very pleased with the arrival of Serge Van Herck, CEO of EVS and the work done jointly. The transition period that started since his arrival just 2 months ago is going according to plan and will continue as announced until the end of the year.”*

“This does not hide the fact that the market conditions faced by the broadcasting industry remain difficult and result in delayed investments. The sector has been changing for several years, consumer habits are changing, sports content consumption is evolving and EVS is adapting and proposing new solutions to these new standards which are being adopted gradually, but less quickly than expected by the customers who remain under strong financial pressure.”

Yvan Absil, CFO comments on the results and the outlook: *“Although we do not see any loss of market share, we have seen a slowdown in order intake. This translates into longer than an expected delay in the confirmation of projects. With this, we adjust our revenue guidance for 2019 between 100 and 110 million euros. The Opex initiatives initiated in H2 2018 continue to provide positive effects in 2019. This allows us to improve our Opex guidance with Opex now expected to decline about 3% Year on Year in 2019. All of this is mainly the result of strict cost management without impacting EVS delivery capabilities.”*

On the Share Buy Back program, Yvan Absil, added: *“The 2 years share Buy Back plan announced in October 2018 reflected the Board's strong confidence in the future of the company, therefore, we are continuing the program and have currently purchased EVS shares for a total amount of EUR 6.4 million in one year”.*



EVS Market Dynamics and customer wins

The Market conditions remain challenging for broadcasters, several elements are to be taken into account such as acceleration of consolidation, transition to IP, multi-platform content delivery, adoption to 4K/UHD, machine learning and automated workflows. EVS is continuing to develop products addressing these challenges: Recently EVS unveiled at IBC2019 a new software solution driven by machine learning that enables autonomous control of robotic cameras in live sports environments, a product that won the IABM BaM award at IBC2019.

In the APAC region, EVS is facing a strong decrease in order intake and revenue due to political issues and trade relations that create uncertainty and longer investment cycles.

After a low year 2018, the NALA region's business is improving due to large orders such as the NEP deal announced at the end of August.

Some key points:

- Great IBC show where all products and services were presented as well as a live e-sports demonstration station with two professional players. Once again, IBC TV has partnered with EVS to present IP collaborative workflows between systems at different remote sites. For the first time at IBC, EVS was also active in an e-sports showcase with live discussion sessions, keynote speeches, interviews and demonstrations for a deep dive into the unique and expanding world of competitive gaming.
- Major deal of XT-VIA and XS-VIA servers purchased along with Multicam 16.00 upgrades for multiple XT4K and XT3 servers from US OB van company.
- EVS and ESL win best e-sports production award at the Broadcast Tech Innovation Awards 2019, the EVS-powered workflow included the DYVI live production switcher, XT4K and XT3 live production servers, XFile3, IPDirector and Multireview. Live slow-motion replays were also part of the show, using LSM remote control panels.

Interim dividend

In line with the announced stable dividend policy of EUR 1.00 per share, the Board of Directors has decided to pay an interim gross dividend of EUR 0.50 per share (or EUR 0.35 net per share after deduction of 30% withholding tax). The exdate for Coupon # 29 is November 19, 2019, and the payment date is November 21, 2019.

Corporate Calendar:

- February 20, 2020: FY19 Results
- May 19, 2020: General Assembly

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 is globally recognized as the leader in live video technology for broadcast and new media productions. Our passion and purpose are to help our clients craft immersive stories that trigger the best return on emotion. Through a wide range of products and solutions, we deliver the most gripping live sports images, buzzing entertainment shows and breaking news content to billions of viewers every day – and in real-time.

The company is headquartered in Belgium with offices in Europe, the Middle East, Asia and North America, and provides sales and technical support to more than 100 countries. EVS is a public company traded on Euronext Brussels: EVS, ISIN: BE0003820371.

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