PRESS
RELEASE

Publication on August 29, 2019, before market opening
Regulated information – Press release first half 2019 results
EVS Broadcast Equipment S.A.: Euronext Brussels (EVS.BR), Bloomberg (EVS BB), Reuters (EVSB.BR)

EVS reports First half 2019 results, confirms guidance on revenues and improves guidance on operating expenses

Financial performance

- Revenue in the first six months of the year amounts to EUR 41,0 million in 1H19, - 6.9% YoY (+12% compared to 1H18 excl. big event rentals)
- The OB market is doing better than 1H18 (+40.5 % YOY) supported by the transition to UHD
- Lower Operating expenses (-7.1% in 1H19 compared with 1H18), highlighting continued disciplined cost management
- EBIT margin of 8.3% in 1H19 vs 5.3% in 1H18
- Net profit decrease by 65.2 % to EUR 3,7 million in 1H19. Excluding 1H18 one-offs (mainly innovation box tax deduction of EUR 6,6 million), net profit increased by 7.1%

Outlook

- Order intake as of June 30th, 2019: + 19% vs June 30th, 2018
- Order book of EUR 22,5 million on June 30 ,2019 (to be recognized in revenue in 2019)
- Confirmation of the guidance on revenues, between EUR 100 million – EUR 120 million, thanks to expected stronger H2
- Improvement of the guidance on OPEX with stable OPEX expected for full year 2019
- Subsequent event since end of June:
    - Additional EUR 11,3 million orders received for major global sporting events in summer 2020
    - USD 8 million order received for NEP production upgrade, to be delivered starting September until early 2020

KEY FIGURES

EUR millions, except earnings per share expressed in EUR	Reviewed		
	1H19	1H18	1H19/1H18
Revenue	41,0	44,1	-6.9%
Gross profit	28,6	29,5	-3.0%
Gross margin %	69.7%	66.9%	-
Operating profit – EBIT	3,4	2,3	+46.0%
Operating margin – EBIT %	8.3%	5.3%	-
Net profit (Group share)	3,7	10,6	-65.2%
Basic earnings per share (Group share)	0,26	0,78	-66.6%

COMMENTS

Dr. Pierre De Muelenaere, Chairman of the Board and Interim CEO comments: " I am really pleased with the H1 results and with the level of order intake since the beginning of the year I'm also pleased to announce a series of major products releases and upgrades including the new software-defined server XS-NEO combined with the first new web-based application of EVS Live production Asset Management offering a new multi-camera ingest solution for studio operations; the new IP-based live media-sharing network (XNet-VIA) for high-bandwidth live production control (Full HD and UHD), as well as latest evolution of X-One unified live production system offering new replay control, clip and highlights management capabilities.
Thanks to two significant orders received in July for global major sports events in 2020, our customers have confirmed one more time the recognition of EVS leadership in delivering such complex events. It also highlights the efforts and works made by EVS teams in developing innovative solutions for these events.

Thanks to a good funnel, we expect a continued momentum and stronger second half in a remaining challenging market condition. I am also pleased to continue our collaboration with NEP, which has once again placed its trust in EVS to renew its US production activities. This is one of the elements that allow us to remain confident in the achievement of our earlier announced revenue guidance".

Commenting on the results and prospects, Yvan Absil, CFO, said: "Despite a slow start of the year and thanks to strong sales actions and strict cost management we are pleased to report revenue increase of 12% YoY excluding big events and significant operating expenses reduction in the first half of the year. For 2019, we expect revenues to be between EUR 100 million and EUR 120 million. Thanks to continued strong management of our expenses and headcount, we adjust our OPEX evolution guidance as we now expect operating expenses to be stable Year over Year without impacting our delivery capabilities".

Revenue in 1H19

In 1H19, EVS revenue, favorably impacted by currency fluctuation, reached EUR 41.0 million, a decrease of 6.9 % compared to 1H18.
At constant currency revenue declined by 8.9 % YoY and increased by 9.8% excluding big event rentals.

Revenue – EUR millions	1H19	1H18	1H19/1H18
Total reported	41,0	44,1	-6.9%
Total at constant currency	40,1	44,1	-8.9%
Total at constant currency and excluding big event rentals	39,5	36,0	**+9.8%**

EVS revenues are impacted by the EUR/USD currency fluctuation and can have a significant impact on our results even if EUR/USD fluctuations also impact the cost of our US operations and our cost of goods sold.

In the first half of the year, (excl. Rentals) Outside Broadcast vans represented 56%, Studio & others 44%.

Geographically, revenues (excl. big event rentals) are distributed in 1H19 as follows:

- Europe, Middle East and Africa (EMEA): EUR 18,3 million
- Americas (NALA): EUR 13,4 million
- Asia & Pacific (APAC) EUR 8,7 million

First half 2019 results

Consolidated gross margin was 69.7% for 1H19, compared to 66.9% in 1H18 thanks to better product mix. Operating expenses declined by 7,1% YoY thanks to disciplined costs and headcount management. The 1H19 EBIT margin was 8.3%. Income taxes are positive but much lower than in 1H18 (EUR 8,6 million), mainly due to the effect of the implementation in 1H 2018 of the innovation box regime in Belgium (that included a one-time tax deduction of EUR 6,6 million in relation with 2H16 and FY17). Group net profit amounted to EUR 3,7 million in 1H19, compared to EUR 10.6 million in 1H18. Basic net profit per share amounted to EUR 0,26 in 1H19, compared to EUR 0,78 in 1H18.

Subsequent event

Since the end of June, additional EUR 11,3 million orders have been received for major global sporting events taking place in summer 2020 in Asia and Europe. These orders were commented in the press releases published and available on the EVS website.

EVS has also received a USD 8 million order from NEP in order to deploy the next generation EVS live video production server as part of their US inventory. All new systems will be delivered starting September 2019 until early 2020. More details were also provided in the press release published and available on the EVS website.

Staff

At the end of June 2019, EVS employed 457 people (FTE). This is a decrease by 40 people compared to June 2018, as a result of improvement in our R&D processes, including set up priorities and optimized development roadmap plus some short-term variations. We expect to end 2019 around the same level as at the end of 2018.

Balance sheet and cash flow statement

EVS continues to have a strong balance sheet with net cash position of EUR 40,9 million with low debt level (of which EUR 10,1 million related to IFRS 16) resulting in a total equity representing 78.2% of the total balance sheet as of the end of June 2019.

Lands and building mainly include the new headquarters in Liège. Annual depreciation on this building is approximately EUR 2 million. Liabilities include EUR 18,0 million of financial debt (including long term and short-term portion of it), mainly relating to the new building (EUR 7,4 million) and the lease liabilities following IFRS 16 implementation (EUR 10,1 million). The company repays approximately EUR 5,3 million per year for the building. Full details about IFRS 16 impact on the consolidated financial statements can be seen in note 5.2.

Inventories amount to EUR 17,1 million and include around EUR 3,0 million value of own equipment used for R&D and demos of EVS products.

In the liabilities, provisions include mainly the provision for technical warranty on EVS products for labor and parts.

At the end of June 2019, there were 14,327,024 EVS shares outstanding, of which 318,512 were owned by the company. At the same date, 178,916 warrants were outstanding with an average exercise price of EUR 31.07 and an average maturity in December 2023.

Share buyback update

On October 24, 2018, EVS announced the launch of a share buyback program of a maximum EUR 10 million. Between October 25, 2018 and June 30, 2019, EVS has bought 239,864 shares at an average price of EUR 20.8451, representing in total EUR 4,999,982. After aforementioned transactions the total number of own shares amounts to 318,512 shares (including 93,144 shares already held by the company) as of June 30, 2019.

2019 H2 outlook

The order book (to be recognized in revenue in 2019) on June 30, 2019 amounts to EUR 22,5 million, which is -4.5% compared to EUR 23,6 million last year at the same date (or +10,4 % excl. Big events). In addition to this order book to be invoiced in 2019, EVS already has EUR 6,8 million of orders to be invoiced in 2020 and beyond.

The management expects a stronger business in the second half of the year; Therefore, the management confirms that revenue 2019 is expected to be between EUR 100 million – EUR 120 million.
We improve our guidance on OPEX from less than 2% growth to stable OPEX Year over Year.

As announced earlier this year, the Board expects to finalize the process for the selection of the new CEO in the second half of this year in order to organize a smooth transition.

Conference call

EVS will hold a conference call in English today 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) 20 7192 8501 (United Kingdom), +32 (0)2 401 70 35 (Belgium), +1 917 720 0181 (United States)
Conference call ID: 702 53 39

Corporate Calendar:

September 13-17: IBC tradeshow in Amsterdam (NL)
November 14, 2019: 3Q19 Trading updates

For more information, please contact:

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Condensed Interim Consolidated financial statements

ANNEX 1: CONDENSED CONSOLIDATED INCOME STATEMENT

(EUR thousands)	Annex	1H19 Reviewed	1H18 Reviewed
Revenue	5.3	41,022	44,075
Cost of sales		-12,436	-14,595
Gross profit		**28,586**	**29,480**
Gross margin %		**69.7%**	**66.9%**
Selling and administrative expenses		-13,992	-13,639
Research and development expenses		-10,677	-12,913
Other income		92	169
Other expenses		-138	-172
Stock based compensation and ESOP plan		-455	-587
Operating profit (EBIT)		**3,415**	**2,339**
Operating margin (EBIT) %		**8.3%**	**5.3%**
Interest revenue on loans and deposits		18	37
Interest charges		-263	-177
Other net financial income / (expenses)	5.6	27	-296
Share in the result of the enterprise accounted for using the equity method		111	62
Profit before taxes (PBT)		**3,309**	**1,965**
Income taxes	5.7	371	8,617
Net profit		**3,679**	**10,582**
Attributable to :			
Non controlling interest		-	-
Equity holders of the parent company		**3,679**	**10,582**

EARNINGS PER SHARE *(in number of shares and in EUR)*	1H19 Reviewed	1H18 Reviewed
Weighted average number of subscribed shares for the period less treasury shares	14,071,386	13,522,508
Weighted average fully diluted number of shares	14,071,386	13,522,508
Basic earnings – share of the group	**0.26**	**0.78**
Fully diluted earnings – share of the group (1)	**0.26**	**0.78**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(EUR thousands)	1H19 Reviewed	1H18 Reviewed
Net profit	**3,679**	**10,582**
Other comprehensive income of the period		
Currency translation differences	16	62
Other increase/(decrease)	3	-
Total of recyclable elements	**19**	**62**
Total comprehensive income for the period	**3,698**	**10,645**
Attributable to :		
Non controlling interest	-	-
Group share	3,698	10,645

(1) The diluted earnings per share are equal to the basic earnings per share as the 178,916 warrants outstanding at the end of June 2019 were not exercisable given the exercise prices were above the share price. The 178,916 warrants have an average maturity of December 2023.

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

ASSETS (EUR thousands)	**Notes**	**June 30, 2019 Reviewed**	**Dec. 31, 2018 Audited**
Non-current assets :			
Goodwill		1,125	1,125
Other intangible assets		372	443
Lands and buildings	5.11	51,814	44,836
Other tangible assets		4,529	2,765
Investment accounted for using equity method		1,393	1,282
Other long term amounts receivables		1,583	2,324
Deferred tax assets		6,411	5,428
Other financial assets		301	287
Total non-current assets		**67,530**	**58,489**
Current assets :			
Inventories		17,066	15,113
Trade receivables		24,268	30,489
Other amounts receivable, deferred charges and accrued income		4,647	3,642
Other financial assets		195	129
Cash and cash equivalents		58,919	68,482
Total current assets		**105,095**	**117,855**
Assets classified as held for sale	5.3.5	-	-
Total assets		**172,625**	**176,344**

EQUITY AND LIABILITIES (EUR thousands)	**Notes**	**June 30, 2019 Reviewed**	**Dec 31, 2018 Audited**
Equity :			
Capital		**8,772**	**8,772**
Reserves		133,654	136,601
Treasury shares		-8,184	-4,750
Total consolidated reserves		**125,470**	**131,851**
Translation differences		728	713
Equity attributable to equity holders of the parent company		**134,970**	**141,336**
Non-controlling interest		**-**	**-**
Total equity	**5.4**	**134,970**	**141,336**
Long term provisions		1,561	2,105
Deferred taxes liabilities		23	44
Financial long term debts	5.11	10,179	4,426
Other long term debts		68	68
Non-current liabilities		**11,831**	**6,642**
Short term portion of financial debts	5.11	7,815	5,493
Trade payables		4,613	4,897
Amounts payable regarding remuneration and social security		6,794	7,442
Income tax payable		1,039	2,519
Other amounts payable, advances received, accrued charges and deferred income		5,563	8,015
Current liabilities		**25,823**	**28,366**
Total equity and liabilities		**172,625**	**176,344**

ANNEX 3: CONDENSED STATEMENT OF CASH FLOWS

	Notes	1H19 Reviewed	1H18 Reviewed
Cash flows from operating activities			
Net profit, group share		**3,679**	**10,582**
Adjustment for:			
- Other income		-	-75
- Depreciation and write-offs on fixed assets		2,696	1,614
- Stock based compensation and ESOP	5.4	455	587
- Provisions		-544	-32
- Income tax expense (+) / Gain (-)		-371	-8,617
-Interests expense (+) / Income (-)		218	436
-Share of the result of entities accounted for under the equity method		-111	-62
Adjustment for changes in working capital items:			
-Inventories		-1,953	-2,927
-Trade receivables		6,963	11,644
-Other amounts receivable, deferred charges and accrued income		2	-375
-Trade payables		-285	-1,128
-Amounts payable regarding remuneration and social security		-618	-2,092
-Other amounts payable, advances received, accrued charges and deferred income		-2,512	2,423
-Conversion differences		-67	-287
Cash generated from operations		*7,552*	*11,691*
Income taxes paid	5.7	-3,134	-1,383
Net cash from operating activities		**4,418**	**10,308**
Cash flows from investing activities			
Purchase of intangible assets		-23	-262
Purchase of tangible assets (lands and building and other tangible assets)		-77	-350
Disposal of tangible assets			75
Other financial assets		-15	-7
Net cash used in investing activities		**-114**	**-544**
Cash flows from financing activities			
Reimbursement of borrowings	5.11	-1,950	-2,625
Proceeds from new borrowings		-	-
Payment of lease liabilities		-1,302	-
Interests paid		-266	-170
Interests received		18	37
Dividend received from investee		-	-
Dividend paid - interim dividend		-	-
Dividend paid - final dividend		-6,646	-6,758
Other allocation		-393	-399
Acquisition / sale of treasury shares	4, 5.4	-3,412	-
Net cash used in financing activities		**-13,951**	**-9,915**
Net increase / decrease in cash and cash equivalents		-9,647	-152
Net foreign exchange difference		84	377
Cash and cash equivalents at beginning of period		**68,482**	**39,423**
Cash and cash equivalents at end of period		**58,919**	**39,647**

ANNEX 4: CONDENSED STATEMENT OF CHANGE IN EQUITY

(EUR thousands)	Capital	Reserves	Treasury shares	Currency translation differences	Equity, group share	Non-controlling interest	Total equity
Balance as at January 1, 2018 (reported)	**8,342**	**100,452**	**-4,038**	**590**	**105,347**	**-**	**105,347**
Change in accounting policies		-34			-34		-34
Balance as at January 1, 2018 (restated)	**8,342**	**100,418**	**-4,038**	**590**	**105,313**	**-**	**105,313**
Total comprehensive income for the period		10,582		62	10,645		10,645
Acquisition of non-controlling interest							-
Share-based payments		443			443		443
Acquisition/sale of treasury shares			482		482		482
Final dividend		-6,758			-6,758		-6,758
Interim dividend							-
Other allocation		-399			-399		-399
Balance as per June 30, 2018	**8,342**	**104,287**	**-3,556**	**653**	**109,726**	**-**	**109,726**

(EUR thousands)	Capital	Reserves	Treasury shares	Currency translation differences	Equity, group share	Non-controlling interest	Total equity
Balance as at January 1, 2019 (reported)	**8,772**	**136,601**	**-4,750**	**713**	**141,336**	**-**	**141,336**
Change in accounting policies		-46			-46		-46
Balance as at January 1, 2019 (restated)	**8,772**	**136,555**	**-4,750**	**713**	**141,290**	**-**	**141,290**
Total comprehensive income for the period		3,682		16	3,698		3,698
Acquisition of non-controlling interest							-
Share-based payments		455			455		455
Acquisition/sale of treasury shares			-3,434		-3,434		-3,434
Final dividend		-6,646			-6,646		-6,646
Interim dividend							-
Other allocation		-393			-393		-393
Balance as per June 30, 2019	**8,772**	**133,654**	**-8,184**	**728**	**134,971**	**-**	**134,971**

ANNEX 5: NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5.1: BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements of EVS Group for the 6 month-period ended June 30, 2019, are established and presented in accordance with the International Financial Reporting Standards (IFRS), as adopted for use in the European Union. The accounting framework and standards adopted by the European Commission can be accessed through the following link on the website: http://ec.europa.eu/finance/company-reporting/index_en.htm. The condensed interim financial statements of the Group for the 6 month-period ended June 30, 2019 were authorized for issue by the Board of Directors on August 26, 2019. This interim report only provides an explanation of events and transactions that are significant to an understanding of the changes in financial position and reporting since the last annual reporting period and should therefore be read in conjunction with the consolidated financial statements for the financial year ended on December 31, 2018.

NOTE 5.2: SIGNIFICANT ACCOUNTING POLICIES AND METHODS

These condensed interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, as issued by the IASB, and as adopted by the EU. The accounting policies and methods adopted for the preparation of the Company's IFRS consolidated financial statements are consistent with those applied in the 2018 consolidated financial statements. The Company's IFRS accounting policies and methods are available in the 2018 annual report on www.evs.com, except for the new, amended or revised IFRS standards and IFRIC Interpretations that have been adopted as of January 1, 2019 which are listed hereunder:

- IFRS 16 Leases – effective 1 January 2019
- Amendments to IAS 28 Long-term interests - effective 1 January 2019
- Amendments to IFRS 9 Financial Instruments - Prepayment Features with Negative Compensation, effective 1 January 2019
- Amendments to IAS 19 Plan amendments - effective 1 January 2019
- IFRIC 23 Uncertainty over Income Tax treatments – effective date 1 January 2019
- Annual Improvements Cycle - 2015-2017, effective 1 January 2019

The adoption of these new, amended or revised pronouncements did not have significant impact on the consolidated financial statements of the Group, except for:

- As of January 1, 2019 IFRS 16 Leases is applicable. The nature and the effect of these changes were taken into consideration, and the above amendments affected the condensed consolidated interim financial statements as follows:
    - We adopted IFRS 16 on 1 January 2019, in accordance with the transitional provisions of IFRS 16, using the modified retrospective approach. Consequently, the cumulative effect of adopting IFRS 16 was recognized as an adjustment to the opening balance of retained earnings as at 1 January 2019, with no restatement of the comparative figures.
    - On adoption of IFRS 16, we recognized lease liabilities in relation to leases which had previously been classified as 'operating leases' under IAS 17. These liabilities were measured at the present value of the remaining lease payments and discounted using either the implicit rate of the underlying contract or our incremental borrowing rate as of 1 January 2019. Our weighted average annual incremental borrowing rate applied to the lease liabilities on 1 January 2019 is between 3 and 4,7%.

- The differences between our total operating lease commitments as reported in note 23 of our consolidated financial statements of 31 December 2018 and the total lease liabilities recognized in our statement of financial position as at 1 January 2019 are summarized below.

Operating lease commitments disclosed as at 31 December 2018	**5,185**
Add: Identification of additional lease agreements	4,573
Add: Impact of extended options reasonably certain	3,282
Less: discounting effect using the lessee's incremental borrowing rate at the date of initial application	-1,713
Less: short-term leases and low-value leases	-
Less: Other	-50
Lease liability recognized as at 1 January 2019	**11,277**

- The change in accounting policy affected the statement of financial position as at 1 January 2019 as follows:

	01/01/2019
Assets	**11,231**
Lands and buildings	8,332
Other tangible assets	2,884
Deferred tax assets	15
Equity	**-46**
Reserves	-46
Liabilities	**11,277**
Financial long-term debts	8,847
Short term portion of financial debts	2,430

- The change in accounting policy affected the statement of profit or loss for the six months ended 30 June 2019 as follows:

	1H2019
Depreciation expense (in Cost of sales)	378
Depreciation expense (in Selling and administrative expenses)	401
Depreciation expense (in Research and Development expenses)	483
Rent expenses (in Cost of sales, sales and R&D expenses)	-1,354
Operating profit	**92**
Finance costs	112
Income tax expenses	-4
Profit for the period	**-16**

- The carrying amounts of right-of-use assets, lease liabilities and the movements for the six months ended 30 June 2019:

(EUR thousands)	Land and buildings	Other tangible assets	Total	Lease liabilities
As at 1 January 2019	**8,332**	**2,884**	**11,216**	**11,277**
Additions	-	-	-	-
Depreciation expenses	-641	-621	-1,262	-
Interest expenses	-	-	-	112
Conversion differences	50	-	50	50
Payments	-	-	-	-1,354
As at 30 June 2019	**7,741**	**2,263**	**10,004**	**10,085**

- The change in accounting policy affected the statement of cash flows for the six months ended 30 June 2019 as follows:

	1H2019
Net cash flow from operating activities	1,242
Net cash flow from financing activities	-1,242
Net increase in cash and cash equivalents	**0**

- We applied the following practical expedients, as permitted by IFRS 16, on transition date:
    - Leases of low-value assets for assets with a value below USD 5.000;
    - The accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases.

- Change in accounting policies with effect from 1 January 2019 as a result of the adoption of IFRS 16:
    - Whereas until the end of 2018, we made a distinction between finance leases (presented on the balance sheet) and operating leases (off-balance sheet commitments), we recognized as from 1 January 2019 right-of-use assets on the balance sheet and corresponding lease liabilities (measured on a present value basis). These liabilities reflect the expected lease payments to be made in the future, estimated at the commencement date of the leases. After initial recognition, these lease liabilities are measured at amortized cost.
    - The right-of-use assets (mainly comprising the initial lease liability) are measured at cost and depreciated over their useful life on a straight-line basis. The right-of-use assets are presented in the statement of financial position under the fixed assets and the lease liabilities are presented as current and non-current liabilities.
    - Each lease payment is allocated between the lease liability and financial expenses.

NOTE 5.3: SEGMENT REPORTING

From an operational point of view, the company is vertically integrated with the majority of its staff located 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, operating plans, and makes resource allocation decisions on a company-wide basis. Revenue related to products of the same nature (digital broadcast production equipment) are realized by commercial polyvalent teams. The company's internal reporting is the reflection of the above-mentioned operational organization and is characterized by the strong integration of the activities of the company.

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. All long-term assets are located in the parent company EVS Broadcast Equipment SA in Belgium.

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. Our customers themselves are often multi-markets. Providing information for each module is therefore not relevant for EVS.

At the geographical level, our activities are divided into the following regions: Asia-Pacific ("APAC"), Europe, Middle East and Africa ("EMEA"), and America ("NALA"). This division follows the organization of the commercial and support services within the group, which operate worldwide. A fourth region is dedicated to the worldwide events ("Big event rentals").

The company provides additional information with a presentation of the revenue by destination: "Outside broadcast vans", "Studio & others" and "Big sporting event rentals" for rental contracts relating to the big sporting events.

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

5.3.1. Information on revenue by destination

Revenue can be presented by destination: Outside broadcast vans, Studio & others and Big sporting event rentals. Maintenance and after sale service are included in the complete solution proposed to the clients.

Revenue (EUR thousands)	**1H19**	**1H18**	**% 1H19/ 1H18**
Outside broadcast vans	22,564	16,059	+40.5%
Studio & others	17,870	19,956	-10.5%
Big sporting event rentals	588	8,060	-92.7%
Total Revenue	**41,022**	**44,075**	**-6.9%**

5.3.2. Information on revenue by geographical information

Activities are divided by three regions: Asia-Pacific ("APAC"), Europe, Middle East and Africa ("EMEA"), and "Americas". Aside of them, we also identify the "Big event rentals".

Revenue for the YTD period (EUR thousands)	APAC excl. events	EMEA excl. events	Americas excl. events	Big event rentals	TOTAL
1H19 revenue	8,732	18,319	13,383	588	41,022
Evolution versus 1H18 (%)	-17.3%	+12.7%	+45.4%	-92.7%	-6.9%
Variation versus 1H18 (%) at constant currency	-17.3%	+12.7%	+35.7%	-92.7%	-8.9%
1H18 revenue	**10,553**	**16,259**	**9,203**	**8,060**	**44,075**

Revenue realized in Belgium (the country of origin of the company) with external clients represent less than 5% of the total revenue for the period. In the last 12 months, the group realized significant revenue with external clients (according to the definition of IFRS 8) in one country: The United States (Americas, EUR 23.7 million in the last 12 months).

5.3.3. Information on revenue by nature

Revenue can be presented by nature: systems and services.

Revenue (EUR thousands)	1H19	1H18	% 1H19/ 1H18
Systems	34,586	38,485	-10.1%
Services	6,436	5,590	+15.1%
Total Revenue	**41,022**	**44,075**	**-6.9%**

Services include the advices, installations, project management, training, maintenance, and distant support.

5.3.4. Information on important clients

Over the last 12 months, no external client of the company represented more than 10% of the revenue.

5.3.5 Other income and assets held for sale

At the end of June 2019, there were no Assets held for sale anymore.

NOTE 5.4: EQUITY SECURITIES

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

	2019	2018
Number of own shares at January 1	**151,724**	**105,771**
Acquisition of own shares on the market	181,284	-
Sale of own shares on the market	-	-
Allocation to Employees Profit Sharing Plans	-14,496	-12,627
Sale related to Employee Stock Option Plan (ESOP) and other transactions	-	-
Number of own shares at June 30	**318,512**	**93,144**
Outstanding warrants at June 30	**178,916**	**185,000**

In 1H19, the company repurchased 181,284 shares on the stock market (under a share buyback program started on October 25, 2018). No shares were used to satisfy the exercise of warrants by employees. The Ordinary General Meeting of shareholders of May 21, 2019 approved the allocation of 14,496 shares to EVS employees (grant of 47 shares to each staff member in proportion to their effective or assimilated time of occupation in 2018) as a reward for their contribution to the group successes. As a consequence, at the end of June 2019, the company owned 318,512 own shares at an average historical price of EUR 25.69. At the same date, 178,916 warrants were outstanding (no grant, no exercise and 4,584 cancellations in 1H2019) with an average strike price of EUR 31.07 and an average maturity of December 2023.

NOTE 5.5: DIVIDENDS

The Ordinary General Meeting of May 21, 2019 approved the payment of a total gross dividend of EUR 1.00 per share, including the interim dividend of EUR 0.50 per share paid in November 2018, leading to a final gross dividend of EUR 0.50 per share, for digital coupon # 28, ex-date May 27 and pay date May 29.

(EUR thousands)	# Coupon	2019	2018
- Final dividend for 2017 (EUR 0.50 per share less treasury shares)	26	-	6,758
- Interim dividend for 2018 (EUR 0.50 per share less treasury shares)	27	-	6,749
- Final dividend for 2018 (EUR 0.50 per share less treasury shares)	28	6,646	-
Total paid dividends		**6,646**	**13,507**

NOTE 5.6: OTHER NET FINANCIAL INCOME / (EXPENSES)

(EUR thousands)	1H19	1H18
Exchange results from statutory accounts	1,039	-582
Exchange results relating to IFRS consolidation methodology	-1,034	232
Other financial results	22	54
Other net financial income / (expenses)	**27**	**-296**

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 note 5.9.

NOTE 5.7: INCOME TAX EXPENSE

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)	1H19	1H18
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	3,197	1,903
Reported tax charge based on the effective tax rate	371	8,617
Effective tax rate	**-11.6%**	**-452.8%**
Reconciliation items for the theoretical tax charge		
Tax effect of the reversal of a debt	-	-
Tax effect of deduction for notional interests	-	-
Tax effect of non-deductible expenditures	197	155
Tax effect due to the usage of tax losses	-48	-23
Tax effect on R&D investment deductions	-625	-604
Tax effect on innovation deduction	-1,438	-1,004
Tax effect on innovation deduction (catch-up from previous years)	-	-6,553
Tax effect of overvaluations and undervaluations related to prior years	-	-594
Other increase / (decrease)	866	182
Total tax charge of the group entities computed on the basis of the respective local nominal rates	-677	176
Theoretical tax rate	**21.2%**	**-9.2%**

NOTE 5.8: HEADCOUNT

(in full time equivalents)	At June 30
2019	457
2018	497
Variation	*-8%*

NOTE 5.9: 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 1H**	**At June 30**
2019	1.1298	1.1380
2018	1.2103	1.1658
Variation	*+7.1%*	+2.4%

For 1H19, the average US dollar exchange rate against the Euro increased by 7.1%.

NOTE 5.10: FINANCIAL INSTRUMENTS

The estimated fair values of the financial assets and liabilities are equal to their fair book values in the balance sheet.

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 revenue forecasts, EVS hedges future USD net in-flows by forward foreign exchange contracts. The change in the fair value of the forward foreign exchange contracts goes directly through the income statement (other financial results) because the Group does not apply hedge accounting on these transactions. At the end of June 2019, there is no outstanding forward contracts.

NOTE 5.11: FINANCIAL DEBT

In order to partially finance its new HQ and operating facilities, EVS has drawn down a total of EUR 30 million loans. EVS already started to pay these loans down, and will gradually do so until 2020, with annual installments of EUR 5.2 million. In 4Q16, EVS took advantage of the low interest rates to re-organize (with no change of the total amount and at no cost) and simplify some of its credit lines in relation with the financing of the new headquarter. As a result, it now has three credit lines of EUR 5.4 million with Belfius, ING and BNP Paribas Fortis, all maturing in 2020. During 1H19, EVS did reimburse EUR 1.9 million.

NOTE 5.12: PENSION PLANS

The employees of EVS Broadcast Equipment SA benefit from a group insurance. In this context, EVS makes a contribution for each employee to the insurance companies. EVS benefits from a minimum return guaranteed by the insurance companies which set up the plans, and this until December 31, 2016 (minimum return requirement of the contributions, as required by law).

However, on December 18, 2015, the Belgian legislation has been updated and clarification was provided on the minimum guaranteed rate of return. Before December 31, 2015, the minimum guaranteed rate of return on employer and participant contributions were 3.25% and 3.75% respectively. From 2016 onwards, the rate decreased to 1.75% and is annually recalculated based on a risk free rate of 10-year government bonds. According to IAS19, Belgian-defined contribution plans that guarantee a specified return on contributions should be assimilated to defined benefit plans, as the employer is not responsible for the contribution payments, but has to cover the investment risk until the legal minimum rates applicable. The returns guaranteed by the insurance companies are in most cases lower than or equal to the minimum return guaranteed by law. As a result, the Group has not fully hedged its return risk through an insurance contract and a provision needs to be accounted for. The plans at EVS are financed through group insurance contracts. The contracts are benefiting from a contractual interest rate granted by the insurance company. When there is underfunding, this will be covered by the financing fund and in case this is insufficient, additional employer contributions will be requested.

This analysis is done annually and recognized in the profit and loss account, if necessary. More information can be found in the note 6.4 of the 2018 annual report.

NOTE 5.13 SUBSEQUENT EVENTS

Under the share buyback program started on October 25, 2018, the company has continued to acquire EVS shares in 1H19. Regular updates are published on the EVS website.
There were no other subsequent events that may have a material impact on the balance sheet or income statement of EVS.

NOTE 5.14: RISK AND UNCERTAINTIES

Investing in the stock of EVS involves risks and uncertainties. The risks and uncertainties relating to the remainder of the year 2019 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 5.15: RELATED PARTIES TRANSACTIONS

Report of the statutory auditor on the accounting data presented in the semi-annual communiqué of EVS Broadcast Equipment SA

Report of the statutory auditor on the accounting data presented in the semi-annual communiqué of EVS Broadcast Equipment SA

We have compared the accounting data presented in the semi-annual communiqué of EVS Broadcast Equipment SA with the interim condensed consolidated financial statements as at June 30, 2019, which show a balance sheet total of K€ 172.625 and net income (group share) for the period of K€ 3.679. We confirm that these accounting data do not show any significant discrepancies with the interim condensed consolidated financial statements.

We have issued a review report on these interim condensed consolidated financial statements, in which we declare that, based on our review, nothing has come to our attention that causes us to believe that these interim condensed consolidated financial statements are not prepared, in all material aspects, in accordance with IAS 34 Interim Financial Reporting, as adopted for use in the European Union.

Liège, August 28, 2019

Ernst & Young Réviseurs d'Entreprises SCRL
Statutory auditor
represented by

* Acting on behalf of a SPRL
Marie-Laure Moreau
Partner*

Ref: 20MLM0015

Certification of responsible persons

Pierre De Muelenaere, Interim Managing Director & CEO
Yvan Absil, CFO

Certify that, based on their knowledge,

a) the condensed financial statements, prepared in accordance with the International Financial Reporting Standards (IFRS) 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 six months of 2018, 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.