EVS

PRESS RELEASE

Publication on August 30, 2018, before market opening
Regulated information – Press release quarterly results
EVS Broadcast Equipment S.A.: Euronext Brussels (EVS.BR), Bloomberg (EVS BB), Reuters (EVSB.BR)

EVS reports second quarter 2018 results

> Financial performance

- Low revenue in the first six months of the year (EUR 44.1 million in 1H18, -16.5% compared to 1H17)
- Operating expenses under control (+2.5% in 1H18 compared with 1H17), highlighting continued strict cost management
- EBIT margin of 5.3% in 1H18 due to expected low sales
- One-time positive tax gain of EUR 6.6 million following the implementation of the innovation box regime in Belgium
- Net profit increase by 16.4% to EUR 10.6 million in 1H18

> Outlook

- Order book of EUR 44.3 million on August 25, 2018 (to be recognized in revenue in 2018)
  - +18.4% vs last year (+7.9%, excl. big event rentals)
- Additional EUR 8.3 million orders to be invoiced in 2019 and beyond
- Revenue are expected to be in the EUR 115 million to EUR 130 million range in 2018
- Opex are expected to grow in a moderate way due to investments in R&D for new product developments, in addition to the structural salary increases in Belgium

KEY FIGURES

Unaudited			EUR millions, except earnings per share expressed in EUR	Reviewed		
2Q18	2Q17	2Q18/2Q17		1H18	1H17	1H18/1H17
21.2	28.3	-24.8%	Revenue	44.1	52.8	-16.5%
13.8	21.1	-34.7%	Gross profit	29.5	38.3	-23.0%
64.8%	74.5%	-	*Gross margin %*	66.9%	72.5%	-
0.5	7.9	-93.8%	Operating profit – EBIT	2.3	12.8	-81.8%
2.3%	28.0%	-	*Operating margin – EBIT %*	5.3%	24.3%	-
8.4	5.5	+52.4%	Net profit (Group share)	10.6	9.1	+16.4%
0.62	0.41	+52.4%	Basic earnings per share (Group share)	0.78	0.67	+16.2%

COMMENTS

“The broadcast industry continues to be challenging with longer investment cycles, and our first half 2018 performance reflects these conditions. We maintain our market leader position, and see continued momentum on the new products (including Dyvi and Xeebra) and around the recent launches of the XT-VIA and X-One. We expect an acceleration of the business in this second half and hence remain confident in the achievement of our earlier announced revenue guidance,” said Pierre De Muelenaere, Chairman of the Board and Interim CEO of EVS.

Commenting on the results and prospects, Yvan Absil, CFO, said: “The low operating profitability of the first six months is mainly due to the low revenue during the period combined with a less favorable product mix. The implementation of the innovation box regime in Belgium resulted in a one-time tax deduction recorded in this second quarter. EVS invests more than EUR 25 million in R&D annually, and this kind of initiative reinforces us in our willingness to build strong R&D capabilities in Belgium, next to our other R&D centers abroad. For 2018, we confirm our revenue and opex evolution guidance.”

Revenue in 2Q18 and 1H18

2Q18	2Q17	%2Q18/ 2Q17	Revenue – EUR millions	1H18	1H17	% 1H18/ 1H17
21.2	28.3	-24.8%	Total reported	44.1	52.8	-16.5%
21.5	28.3	-24.1%	Total at constant currency	45.2	52.8	-14.4%
17.6	27.3	**-35.3%**	**Total at constant currency and excluding big event rentals**	37.1	51.8	**-28.4%**

EVS revenue amounted to EUR 21.2 million in 2Q18, a 24.8% decrease compared to 2Q17 (-35.3% at constant currency and excluding big event rentals). Revenue of solutions in Outside broadcast vans represented 30.0% of the total group revenue. Studio & others revenue represented 52.0% of total revenue in 2Q18, and big event rentals represented 18.0% of total revenue.

In 1H18, EVS revenue reached EUR 44.1 million, a decrease by 16.5% (-28.4% at constant currency and excluding the big event rentals) compared to 1H17. In the first half of the year, Outside Broadcast vans represented 36.4%, Studio & others 45.3% and Big events rentals 18.3%.

Geographically, revenues (excl. big event rentals) are distributed in 1H18 as follows:
- Europe, Middle-East and Africa (“EMEA”): EUR 16.3 million
- “Americas”: EUR 9.2 million
- Asia & Pacific (“APAC”): EUR 10.5 million

Second quarter 2018 results

Consolidated gross margin was 64.8% in 2Q18, compared to 74.5% in 2Q17 due to lower revenue and a less favorable product mix. Operating expenses decreased by 5.6% vs 2Q17, mainly due to low people-related costs. The “Other income” in 2Q17 included the reversal of a debt booked for the earn out portion of the acquisition of SVS at the end of 2014. The 2Q18 EBIT margin was 2.3%. Income taxes were positive this quarter (EUR 8.1 million), mainly due to the effect of the implementation 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 8.4 million in 2Q18, compared to EUR 5.5 million in 2Q17. Basic net profit per share amounted to EUR 0.62 in 2Q18 compared to EUR 0.41 in 2Q17.

First half 2018 results

Consolidated gross margin was 66.9% for 1H18, compared to 72.5% in 1H17 due to lower sales and and a less favorable product mix. Operating expenses grew by 2.5% yoy, and remain under control. The “Other income” in 2Q17 included the reversal of a debt booked for the earn out portion of the acquisition of SVS at the end of 2014. The 1H18 EBIT margin was 5.3%. Income taxes were positive this first half (EUR 8.6 million), mainly due to the effect of the implementation 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 10.6 million in 1H18, compared to EUR 9.1 million in 1H17. Basic net profit per share amounted to EUR 0.78 in 1H18, compared to EUR 0.67 in 1H17.

Staff

At the end of June 2018, EVS employed 497 people (FTE). This is a decrease by 10 people compared to March 2018, as a result of strict management of resources and short term variations. We expect to end 2018 around the same level as at the end of 2017.

Balance sheet and cash flow statement

Total equity represents 74.7% of the total balance sheet as of the end of June 2018. Inventories amount to EUR 18.6 million, and include around EUR 3.0 million value of own equipment used for R&D and demos of EVS products. This is an increase compared to the end of 2017, mainly due to the equipment produced for the world cup in Russia. In the liabilities, provisions include mainly the provision for technical warranty on EVS products for labor and parts.

Lands and building mainly include the new headquarters in Liège. Annual depreciation on this building is approximately EUR 2 million. Liabilities include EUR 11.9 million of financial debt (including long term and short term portion of it), mainly relating to the new building. The company repays approximately EUR 5.2 million per year.

The net cash from operating activities amounts to EUR 10.3 million in 1H18. On June 30, 2018, cash and cash equivalents total EUR 39.6 million.

At the end of June 2018, there were 13,625,000 EVS shares outstanding, of which 93,144 were owned by the company. At the same date, 185,000 warrants were outstanding with an average exercise price of EUR 30.79 and an average maturity in April 2022.

2018 outlook

The order book (to be recognized in revenue in 2018) on August 25, 2018 amounts to EUR 44.3 million, which is +18.4% compared to EUR 37.4 million last year (or +7.9% excl. big event rentals). In addition to this order book to be invoiced in 2018, EVS already has EUR 8.3 million of orders to be invoiced in 2019 and beyond.

The management expects an acceleration of the business in the second half of the year, driven by the increasing momentum around the new products, including the XT-VIA platform launched during the summer. Therefore, the management confirms that revenue in 2018 is expected to be in the EUR 115 million to EUR 130 million range. We also confirm our expectations of a moderate increase of our operating expenses, on top of the structural salary increases in Belgium.

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)2071 928 000 (United Kingdom), +32 (0)2 400 98 74 (Belgium), +1 631 510 7495 (United States)
Conference call ID: 5769302

Corporate Calendar:

September 14-18: IBC tradeshow in Amsterdam (NL)
November 15, 2018: 3Q18 results

For more information, please contact:

Yvan ABSIL, CFO
Geoffroy d'OULTREMONT, Vice President Investor Relations & Corporate Communication
EVS Broadcast Equipment S.A., Liege Science Park, 13 rue du Bois Saint-Jean, B-4102 Seraing, Belgium
Tel: +32 4 361 70 13. E-mail:corpcom@evs.com; www.evs.com

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 technology leader for live video production. The company introduced Live Slow Motion replay in 1994, and has continued to build on its reputation for quality and reliability with solutions that enhance live sports, entertainment and news content. Innovations – such as the C-Cast multimedia platform and DYVI IT-based switcher – are raising the bar for live production enrichment, management and distribution. Broadcasters, rights owners, producers and venues alike use EVS to maximize the value of their productions and increase revenue streams. The company is headquartered in Belgium with around 500 employees in 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

PRESS
RELEASE

Condensed Interim Consolidated financial statements

ANNEX 1: CONDENSED CONSOLIDATED INCOME STATEMENT

(EUR thousands)	Annex	1H18 Reviewed	1H17 Reviewed	2Q18 Unaudited	2Q17 Unaudited
Revenue	5.3	44,075	52,791	21,235	28,258
Cost of sales		-14,595	-14,497	-7,477	-7,199
Gross profit		**29,480**	**38,294**	**13,758**	**21,059**
Gross margin %		**66.9%**	**72.5%**	**64.8%**	**74.5%**
Selling and administrative expenses		-13,639	-13,683	-7,079	-7,593
Research and development expenses		-12,913	-12,217	-5,762	-6,014
Other income		169	1,254	153	1,180
Other expenses		-172	-238	-94	-165
Stock based compensation and ESOP plan		-587	-563	-489	-549
Operating profit (EBIT)		**2,339**	**12,846**	**488**	**7,918**
Operating margin (EBIT) %		**5.3%**	**24.3%**	**2.3%**	**28.0%**
Interest revenue on loans and deposits		37	11	19	-4
Interest charges		-177	-176	-87	-80
Other net financial income / (expenses)	5.6	-296	-487	-123	-428
Share in the result of the enterprise accounted for using the equity method		62	56	31	28
Profit before taxes (PBT)		**1,965**	**12,250**	**328**	**7,433**
Income taxes	5.7	8,617	-3,157	8,114	-1,895
Net profit		**10,582**	**9,094**	**8,442**	**5,539**
Attributable to :					
Non controlling interest		-	-	-	-
Equity holders of the parent company		**10,582**	**9,094**	**8,442**	**5,539**

EARNINGS PER SHARE *(in number of shares and in EUR)*	1H18 Reviewed	1H17 Reviewed	2Q18 Unaudited	2Q17 Unaudited
Weighted average number of subscribed shares for the period less treasury shares	13,522,508	13,509,290	13,525,751	13,512,654
Weighted average fully diluted number of shares	13,522,508	13,509,290	13,525,751	13,512,654
Basic earnings – share of the group	**0.78**	**0.67**	**0.62**	**0.41**
Fully diluted earnings – share of the group (1)	**0.78**	**0.67**	**0.62**	**0.41**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(EUR thousands)	1H18 Reviewed	1H17 Reviewed	2Q18 Unaudited	2Q17 Unaudited
Net profit	**10,582**	**9,094**	**8.442**	**5,539**
Other comprehensive income of the period				
Currency translation differences	62	-508	113	-508
Other increase/(decrease)	-	-480	-	115
Total of recyclable elements	**62**	**-988**	**113**	**-393**
Total comprehensive income for the period	**10,645**	**8,106**	**8.556**	**5,145**
Attributable to :				
Non controlling interest	-	-	-	-
Group share	10,645	8,106	8.556	5,145

(1) The diluted earnings per share are equal to the basic earnings per share as the 185,000 warrants outstanding at the end of June 2018 were not exercisable given the exercise prices were above the share price. The 185,000 warrants have an average maturity of April 2022.

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

ASSETS (EUR thousands)	Notes	June 30, 2018 Reviewed	Dec. 31, 2017 Audited
Non-current assets :			
Goodwill		1,125	1,125
Other intangible assets		506	291
Lands and buildings	5.11	45,312	45,812
Other tangible assets		2,511	2,897
Investment accounted for using equity method		1,153	1,091
Other long term amounts receivables		1,447	1,759
Deferred tax assets		6,344	3,297
Other financial assets		280	273
Total non-current assets		**58,678**	**56,546**
Current assets :			
Inventories		18,594	15,667
Trade receivables		21,766	33,144
Other amounts receivable, deferred charges and accrued income		4,378	3,820
Other financial assets		212	236
Cash and cash equivalents		39,647	39,423
Total current assets		**84,598**	**92,291**
Assets classified as held for sale	5.3.5	3,695	4,016
Total assets		**146,971**	**152,853**

EQUITY AND LIABILITIES (EUR thousands)	Notes	June 30, 2018 Reviewed	Dec 31, 2017 Audited
Equity :			
Capital		**8,342**	**8,342**
Reserves		104,289	100,452
Treasury shares		-3,556	-4,038
Total consolidated reserves		**100,732**	**96,414**
Translation differences		653	590
Equity attributable to equity holders of the parent company		**109,728**	**105,347**
Non-controlling interest		**-**	**-**
Total equity	**5.4**	**109,728**	**105,347**
Long term provisions		1,180	1,212
Deferred taxes liabilities		35	-
Financial long term debts	5.11	6,675	9,300
Other long term debts		59	59
Non-current liabilities		**7,949**	**10,572**
Short term portion of financial debts	5.11	5,250	5,250
Trade payables		4,742	5,870
Amounts payable regarding remuneration and social security		6,611	8,513
Income tax payable		1,841	8,851
Other amounts payable, advances received, accrued charges and deferred income		10,850	8,451
Current liabilities		**29,294**	**36,935**
Total equity and liabilities		**146,971**	**152,853**

ANNEX 3: CONDENSED STATEMENT OF CASH FLOWS

	Notes	1H18 Reviewed	1H17 Reviewed
Cash flows from operating activities			
Net profit, group share		**10,582**	**9,094**
Adjustment for:			
- Other income		-75	-
- Depreciation and write-offs on fixed assets		1,614	1,788
- Stock based compensation and ESOP	5.4	587	563
- Provisions		-32	104
- Income tax expense (+) / Gain (-)		-8,617	3,157
-Interests expense (+) / Income (-)		436	652
-Share of the result of entities accounted for under the equity method		-62	-56
Adjustment for changes in working capital items:			
-Inventories		-2,927	-1,399
-Trade receivables		11,644	5,761
-Other amounts receivable, deferred charges and accrued income		-375	-176
-Trade payables		-1,128	576
-Amounts payable regarding remuneration and social security		-2,092	-1,932
-Other amounts payable, advances received, accrued charges and deferred income		2,423	-3,568
-Conversion differences		-287	757
Cash generated from operations		*11,691*	*15,322*
Income taxes paid	5.7	-1,383	-12,012
Net cash from operating activities		**10,308**	**3,310**
Cash flows from investing activities			
Purchase of intangible assets		-262	-6
Purchase of tangible assets (lands and building and other tangible assets)		-350	-823
Disposal of tangible assets		75	-
Other financial assets		-7	2
Net cash used in investing activities		**-544**	**-827**
Cash flows from financing activities			
Reimbursement of borrowings	5.11	-2,625	-2,625
Interests paid		-170	-176
Interests received		37	11
Dividend received from investee		-	-
Dividend paid - interim dividend		-	-
Dividend paid - final dividend		-6,758	-9,446
Other allocation		-399	-480
Acquisition / sale of treasury shares	4, 5.4	-	-
Net cash used in financing activities		**-9,915**	**-12,716**
Net increase in cash and cash equivalents		-152	-10,233
Net foreign exchange difference		377	-1,266
Cash and cash equivalents at beginning of period		**39,423**	**53,150**
Cash and cash equivalents at end of period		**39,647**	**41,651**

ANNEX 4: CONDENSED STATEMENT OF CHANGE IN EQUITY

(EUR thousands)	Capital	Reserves	Treasury shares	Currency translation differences	Equity, share of the group	Non-controlling interest	Total equity
Balance as per January 1, 2017	**8,342**	**92,610**	**-4,548**	**1,040**	**97,445**	**-**	**97,445**
Total comprehensive income for the period		8,614		-508	8,106		8,106
Business combination					-		-
Share-based payments		563			563		563
Operations with treasury shares			509		509		509
Interim dividend							
Final dividend		-9,446			-9,446		-9,446
Balance as per June 30, 2017	**8,342**	**92,340**	**-4,038**	**532**	**97,177**	**-**	**97,177**

(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**

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, 2018, 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, 2018 were authorized for issue by the Board of Directors on August 28, 2018. 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, 2017.

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 2017 consolidated financial statements. The Company's IFRS accounting policies and methods are available in the 2017 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, 2018 which are listed hereunder:

- Amendments to IFRS 2 Share-based Payment - Classification and Measurement of Share-based Payment Transactions, effective 1 January 2018
- IFRS 9 Financial Instruments, effective 1 January 2018
- Amendments to IFRS 9 Financial Instruments - Prepayment Features with Negative Compensation, effective 1 January 2018
- IFRS 15 Revenue from Contracts with Customers, including amendments to IFRS 15: Effective date of IFRS 15 and Clarifications to IFRS 15 Revenue from Contracts with Customers, effective 1 January 2018
- Amendments to IAS 40 Investment Property – Transfers of Investment Property, effective 1 January 2018
- IFRIC 22 Foreign Currency Transactions and Advance Consideration effective 1 January 20182
- Annual Improvements Cycle - 2014-2016, effective 1 January 2018

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

- Since January 1, 2018, IFRS 15 Revenue from contracts with customers is applicable. EVS Group used the transitional modified retrospective method for the transition to the new standard, however, the transition to IFRS 15 did not have a material impact as of January 1, 2018 for contracts with performance remaining under previous guidance.
- As of January 1, 2018 IFRS 9 Financial Instruments is also applicable.
  - The classification and measurement requirements of IFRS 9 did not have an impact because the Company's trade receivables satisfy the conditions to be classified at amortized cost under IFRS 9.
  - The new impairment model under IFRS 9 requires the recognition of impairment provision based on the expected credit losses. It applies to all financial assets measured at amortized cost and covers mainly the Company's trade receivables. At transition, EVS Group estimated the impact of this change being EUR 34 thousand which has been recognized in the opening equity because the comparative information was not restated in line with the transition requirements of the new standard. The amount of impairment loss as of June 30, 2018 did not differ significantly from this amount therefore no significant change has been recognized.

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 (“Americas”). 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.

2Q18	2Q17	% 2Q18/ 2Q17	Revenue (EUR thousands)	1H18	1H17	% 1H18/ 1H17
6,378	16,557	-61.5%	Outside broadcast vans	16,059	33,977	-52.7%
11,031	10,700	+3.1%	Studio & others	19,956	17,804	+12.1%
3,826	1,001	N/A	Big sporting event rentals	8,060	1,010	N/A
21,236	**28,258**	**-24.8%**	**Total Revenue**	**44,075**	**52,791**	**-16.5%**

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 quarter (EUR thousands)	APAC excl. events	EMEA excl. events	Americas excl. events	Big event rentals	TOTAL
2Q18 revenue	5,083	9,599	2,728	3,826	21,236
Evolution versus 2Q17 (%)	-23.2%	-15.0%	-70.8%	N/A	-24.8%
Variation versus 2Q17 (%) at constant currency	-23.2%	-15.0%	-68.5%	N/A	-24.1%
2Q17 revenue	**6,620**	**11,288**	**9,349**	**1,001**	**28,258**

Revenue for the YTD period (EUR thousands)	APAC excl. events	EMEA excl. events	Americas excl. events	Big event rentals	TOTAL
1H18 revenue	10,553	16,259	9,203	8,060	44,075
Evolution versus 1H17 (%)	-30.9%	-27.1%	-35.2%	N/A	-16.5%
Variation versus 1H17 (%) at constant currency	-30.9%	-27.1%	-27.6%	N/A	-14.4%
1H17 revenue	**15,266**	**22,305**	**14,210**	**1,010**	**52,791**

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 23.4 million in the last 12 months).

5.3.3. Information on revenue by nature

Revenue can be presented by nature: systems and services.

2Q18	2Q17	% 2Q18/ 2Q17	Revenue (EUR thousands)	1H18	1H17	% 1H18/ 1H17
18,415	25,765	-28.5%	Systems	38,485	47,691	-19.3%
2,820	2,492	+13.2%	Services	5,590	5,100	+9.6%
21,236	**28,258**	**-24.8%**	**Total Revenue**	**44,075**	**52,791**	**-16.5%**

Services include advice, 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

Assets held for sale as at June 30, 2018 represent an amount of EUR 3.7 million and mainly relates to two buildings which were occupied by the Company before it moved its headquarters at its current location. Such buildings are classified among assets held for sale for more than twelve months but EVS remains committed to its plan to sell the buildings. Accordingly, these buildings are still classified as assets held for sale. As per information available at this stage, there is no indication of impairment for these buildings.

In the first half of 2018, one small building (EUR 0.3 million) has been reclassified in Lands and Buildings, as the company decided to stop the sale process for this one and intends to use it for internal purpose. Following the reclassification, EUR 0.03 million has been recorded as a depreciation adjustment in 2Q18. There is currently no risk of impairment on this building.

For the biggest building still classified in Assets held for sale, EVS received a binding offer (subject to conditions) and therefore the sales transaction is expected to close in 2H18

NOTE 5.4: EQUITY SECURITIES

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

	2018	2017
Number of own shares at January 1	**105,771**	**119,111**
Acquisition of own shares on the market	-	-
Sale of own shares on the market	-	-
Allocation to Employees Profit Sharing Plans	-12,627	-13,090
Sale related to Employee Stock Option Plan (ESOP) and other transactions	-	-250
Number of own shares at June 30	**93,144**	**105,771**
Outstanding warrants at June 30	**185,000**	**207,850**

In 1H18, the company did not repurchase any share on the stock market. No shares were used to satisfy the exercise of warrants by employees. The Ordinary General Meeting of shareholders of May 15, 2018 approved the allocation of 12,627 shares to EVS employees (grant of 42 shares to each staff member in proportion to their effective or assimilated time of occupation in 2017) as a reward for their contribution to the group successes. At the end of June 2018, the company owned 93,144 own shares at an average historical price of EUR 38.18. At the same date, 185,000 warrants were outstanding (no grant, no exercise and 47,900 cancellations in 1H18) with an average strike price of EUR 30.79 and an average maturity of April 2022.

NOTE 5.5: DIVIDENDS

The Ordinary General Meeting of May 15, 2018 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 2017, leading to a final gross dividend of EUR 0.50 per share, for digital coupon # 26, ex-date May 22 and pay date May 24.

(EUR thousands)	# Coupon	2018	2017
- Final dividend for 2016 (EUR 0.70 per share less treasury shares)	24	-	9,446
- Interim dividend for 2017 (EUR 0.50 per share less treasury shares)	25	-	6,760
- Final dividend for 2017 (EUR 0.50 per share less treasury shares)	26	6,760	-
Total paid dividends		**6,760**	**16,206**

NOTE 5.6: OTHER NET FINANCIAL INCOME / (EXPENSES)

(EUR thousands)	1H18	1H17
Exchange results from statutory accounts	-582	227
Exchange results relating to IFRS consolidation methodology	232	-691
Other financial results	54	-23
Other net financial income / (expenses)	**-296**	**-487**

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)	1H18	1H17
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	1,903	12,195
Reported tax charge based on the effective tax rate	8,617	-3,157
Effective tax rate	**-452.8%**	**25.9%**
Reconciliation items for the theoretical tax charge		
Tax effect of the reversal of a debt	-	-391
Tax effect of deduction for notional interests	-	-17
Tax effect of non-deductible expenditures	155	182
Tax effect due to the usage of tax losses	-23	-
Tax effect on R&D investment deductions	-604	-656
Tax effect on innovation deduction	-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	342
Other increase / (decrease)	182	129
Total tax charge of the group entities computed on the basis of the respective local nominal rates	176	-3,569
Theoretical tax rate	**-9.2%**	**29.3%**

NOTE 5.8: HEADCOUNT

(in full time equivalents)	At June 30	Three-months average
2018	497	502
2017	479	479
Variation	*+3.8%*	*+4.8%*

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	Average 2Q	At June 30
2018	1.2103	1.1915	1.1658
2017	1.0830	1.1021	1.1412
Variation	*-10.5%*	*-7.5%*	-2.1%

For 1H18, the average US dollar exchange rate against the Euro decreased by 10.5%. It had a negative impact on 1H18 revenue of EUR 1.1 million, or 2.1%.

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.

On June 30, 2018, the group holds USD 3.5 million in forward exchange contracts, with an average maturity date of November 2018, and an average exchange rate of EUR/USD of 1.2341. The fair value of those financial instruments on June 30, 2018 amounts to EUR -0.1 million.

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 1H18, EVS did reimburse EUR 2.6 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 2017 annual report.

NOTE 5.13 SUBSEQUENT EVENTS

On July 17, 2018, EVS announced that the Board of Directors and Muriel De Lathouwer mutually agreed to end the term of the office and duties of Muriel De Lathouwer, Managing Director and CEO of the company (mandates and functions exercised mainly through her company MucH sprl), with effect from July 10, 2018.

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 2018 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: CONFLICTS 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”).

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, 2018, which show a balance sheet total of K€ 146.971 and net income (group share) for the period of K€ 10.581. 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, 2018

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

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

Réf: 19MLM0020

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.