

# EVS Broadcast Equipment

## 1Q15 results

May 12, 2015

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# AGENDA

- ▶ Executive summary
- ▶ 1Q15 financials
- ▶ Business update
- ▶ Outlook
- ▶ Annexes

# KEY HIGHLIGHTS

## ▶ 1Q15 highlights:

- EUR 24.1million revenue, -18.7% vs 1Q14 excl. big event rentals and at cst currency
  - We maintain our leadership position, but we face persistent slowdown in our niche market
  - Growth in Americas and APAC, weak EMEA due to timing and macroeconomic environment
- Gross margin of 71.4%, EBIT margin of 22.7%, Opex flat vs 1Q14
- EPS EUR 0.36, -33.1% vs EUR 0.53 in 1Q14
- Positive customers feedback at NAB trade show regarding EVS products and solutions
- Change in segment reporting (OB, Studio & others)

## ▶ Order book:

- EUR 27.4 million at May 10 (-31.6% excl. big events)

## ▶ 2015 outlook:

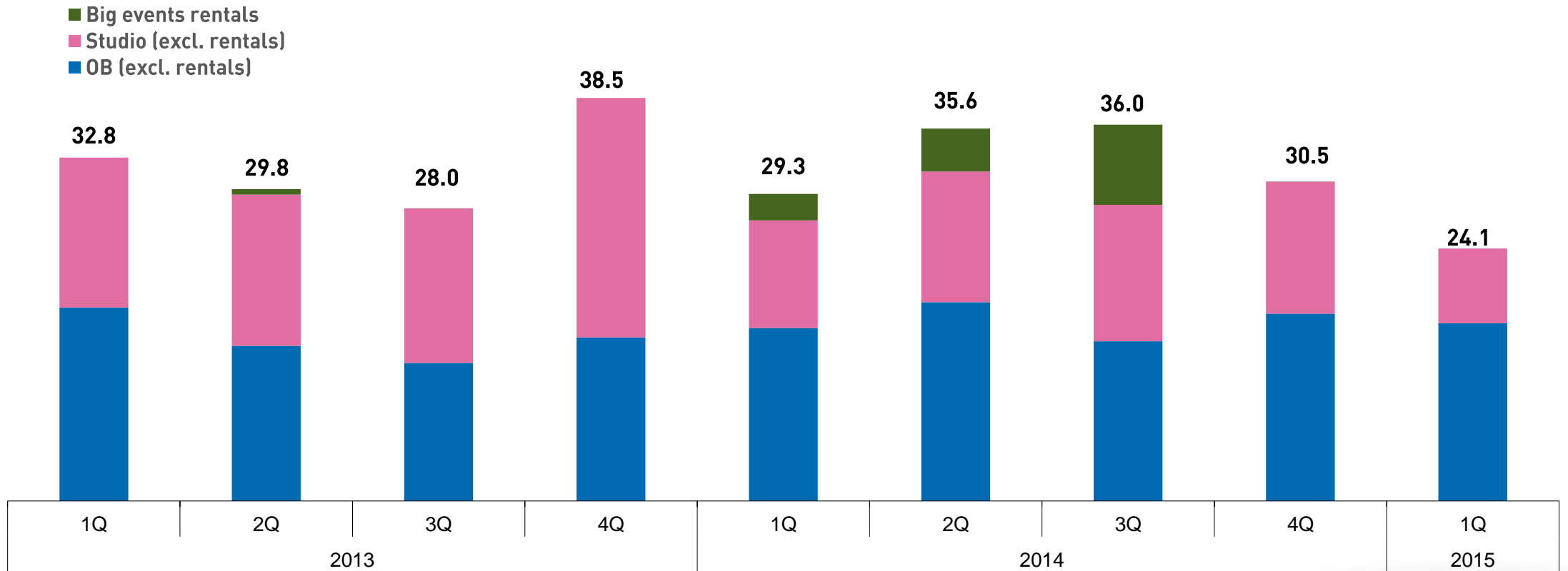
- Given the persistent slow market conditions and no visible traction in 2015 for 2016 big events, the 2015 revenue is likely to be in the EUR 100-115 million range
- Opex is expected to grow at high single digit compared to 2014, strong opex control

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# QUARTERLY REVENUE SPLIT

OB +2.7%, studio -30.4% compared to 1Q14

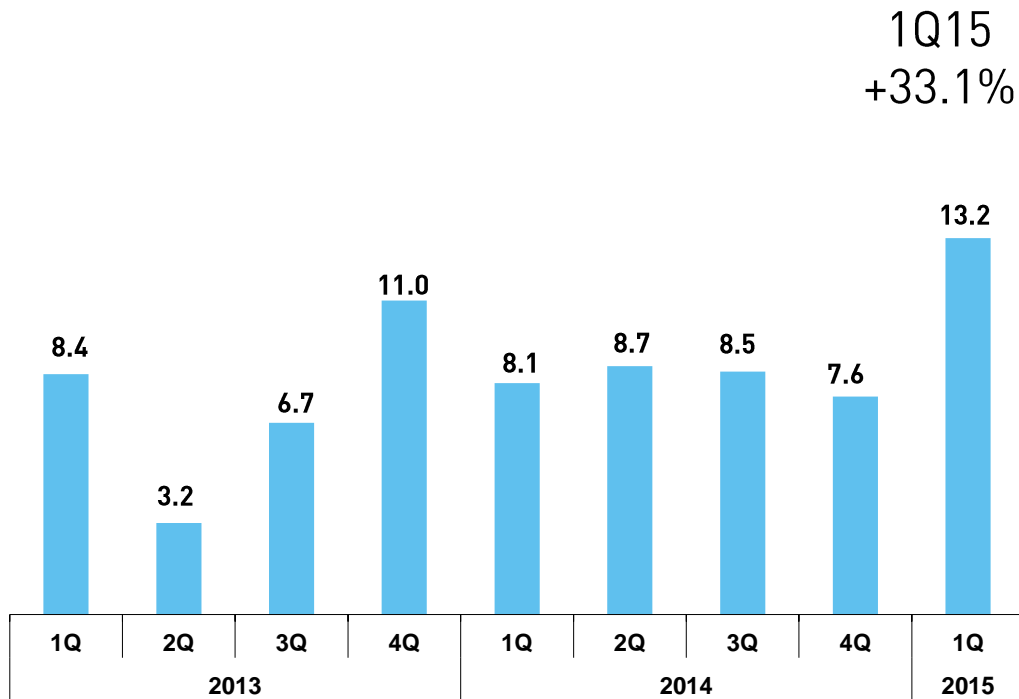


# Q1 RESULTS: GEOGRAPHICAL SPLIT

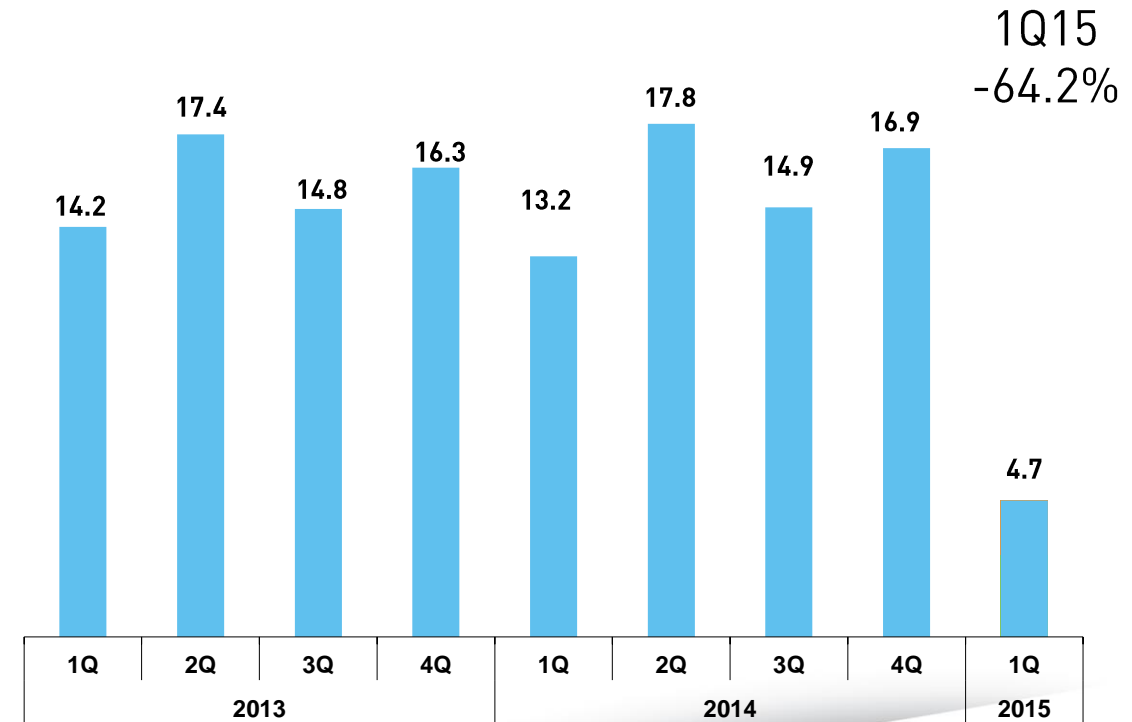
Good start of 2015 in the Americas (+33.1%), timing and macro-economic effect in EMEA

%: 1Q15 vs 1Q14 variation, at constant currency, excluding big events rentals

## Americas (excl. events)



## EMEA (excl. events)

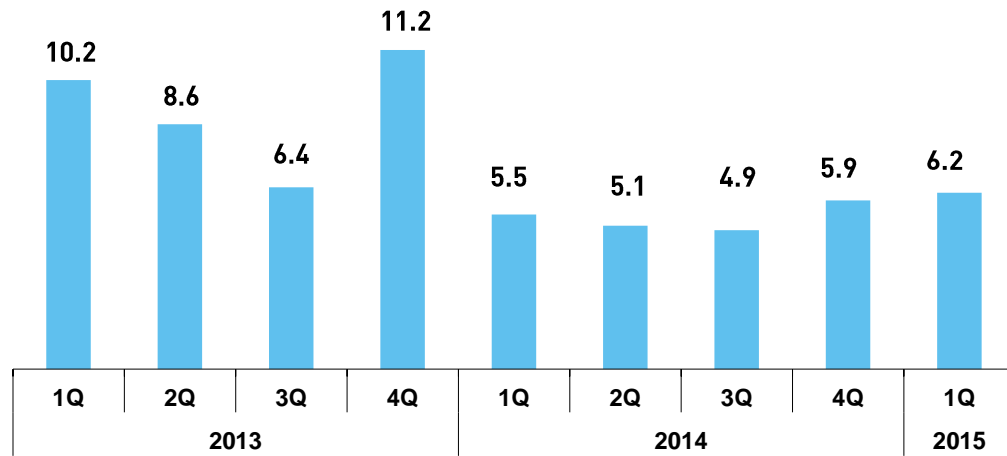


# Q1 RESULTS: GEOGRAPHICAL SPLIT

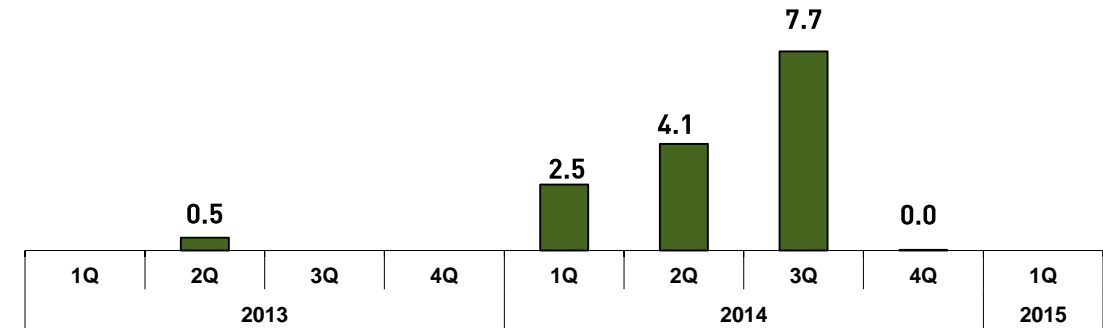
Moderate growth in APAC, uneven year without major big events

## APAC (excl. Events)

1Q15  
+13.9%



## Big event rentals





# Q1 RESULTS: REVENUE DOWN BY 18.7% excl. big events and at cst currency

Reported

In millions of EUR	1Q15	4Q14	1Q14
<b>REVENUE</b>	<b>24.1</b>	<b>30.5</b>	<b>29.3</b>
Cost of sales	(6.9)	(8.3)	(7.4)
Gross margin	17.2	22.3	22.0
Gross margin %	71.4%	73.0%	74.9%
S&A	(5.8)	(6.6)	(5.4)
R&D	(6.0)	(6.6)	(6.3)
<b>EBIT</b>	<b>5.5</b>	<b>8.9</b>	<b>10.0</b>
<b>EBIT MARGIN</b>	<b>22.7%</b>	<b>29.1%</b>	<b>34.1%</b>
Financial result	1.3	0.3	(0.1)
dcinex & mecalec at equity	0.0	(0.4)	0.2
Dcinex disposal	-	2.0	-
Taxes	(2.0)	(2.9)	(3.3)
<b>NET PROFIT</b>	<b>4.8</b>	<b>8.3</b>	<b>7.1</b>
<b>BASICS EPS</b>	<b>0.36</b>	<b>0.61</b>	<b>0.53</b>

## • Gross margin:

- + Product mix
- Lower sales

## • Opex: flat vs 1Q14

- Lower depreciation (new building depreciated as of 2Q15)
- Projects timing and saving effects
- + 4.3% FTE growth
- + USD/Euro negative FX effect

1) Basic EPS is computed on the adjusted number of shares, i.e. less own shares

# Q1 RESULTS: STRONG BALANCE SHEET

EUR 32.9 million cash

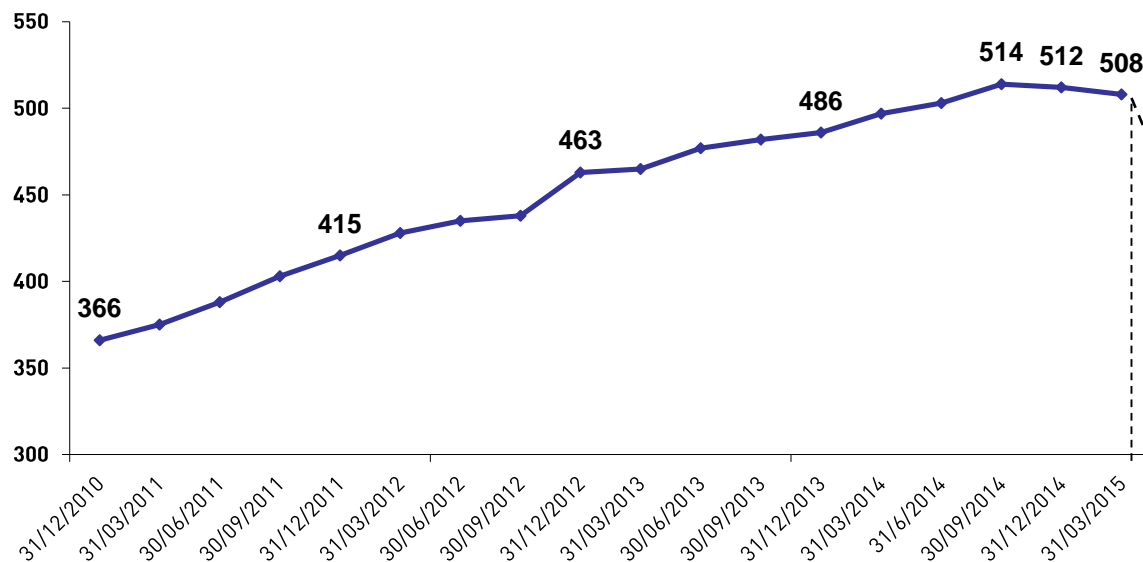
In millions of EUR	Mar. 2015	Dec. 2014
<b>ASSETS</b>		
Goodwill and intangibles	1.5	1.5
Lands, buildings and other tangibles	51.2	47.9
Investments at equity	0.9	0.8
Bonds & loans	-	6.5
Inventories	15.8	15.4
Receivables	26.6	28.2
Cash	32.9	25.6
Assets held for sale	6.4	6.4
Other assets	7.8	7.4
<b>Total assets</b>	<b>143.1</b>	<b>139.7</b>
<b>EQUITY AND LIABILITIES</b>		
Total equity	78.9	73.5
Non-current liabilities	27.8	29.7
Trade payables	4.7	5.2
Other current liabilities	31.7	31.3
<b>Total equity and liabilities</b>	<b>143.1</b>	<b>139.7</b>

- ▶ Investments in the new HQ reflected in:
  - EUR 51.2 million in Lands and Buildings
  - LT liabilities of EUR 27.8 million
  - Assets held for sale of EUR 6.4 million
  
- ▶ dcinex disposal
  - OBSA repayment, closing all pending elements of the dcinex disposal
  
- ▶ Healthy cash level:
  - Dividend payment in May
  - Remaining capex for new building

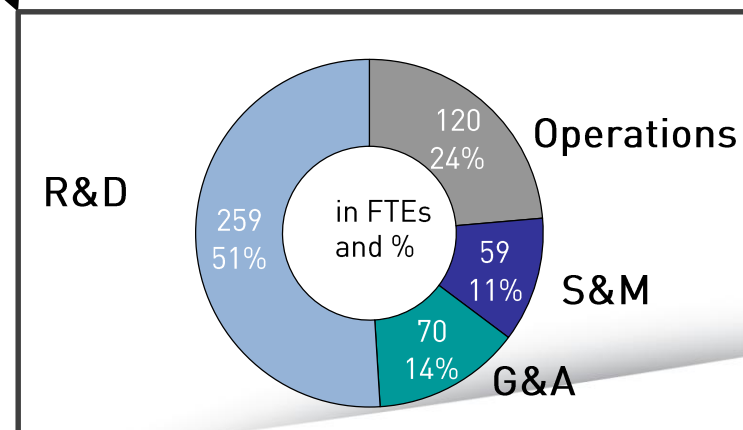
# Q1 RESULTS: STREAMLINED ORGANIZATION

resulting in a strict control of opex growth

## Headcount evolution (FTE)



- ▶ +4.3% average FTE in 1Q15
- ▶ More controlled recruitments (net -4 FTEs in 1Q15)
- ▶ Internal mobility
- ▶ Some positions to be filled in

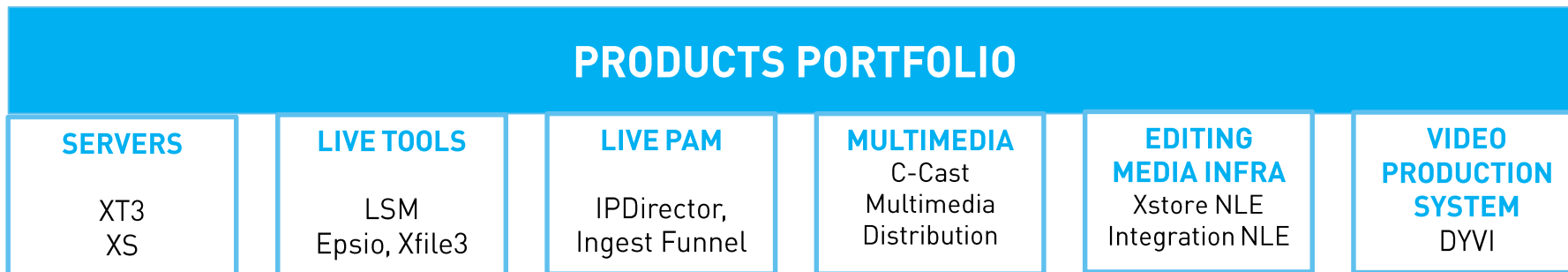


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# NAB HIGHLIGHTS

New integrated model



# NAB HIGHLIGHTS

Focus on servers, live tools and 4K editing

## 12 CHANNELS SUPPORT

2 SLISM 6x + 2 IN + 2 OUT



Increased channel density  
for more flexibility

## LIVE TOOLS



Tools enhancing live  
story-telling

## 4K EDITING



From to ingest to post in  
UHD-4K

## IP ENABLED



Bring IP video to your  
existing investments

# NAB HIGHLIGHTS

Focus on production systems: DYVI

▶ IT-based switcher allowing you to create, control and connect with unprecedented flexibility.

- ▶ **Distributed architecture** – Go from entry-level to full-scale productions through expandable I/O processing modules that enable cross-campus to cross-continent switching
- ▶ **Creative power** – Give your operators all the Effects, Layers, RamRecorders and DVEs they could possibly need
- ▶ **Simple Control** – Configure the panels the way you want them, and program complex actions into single buttons.

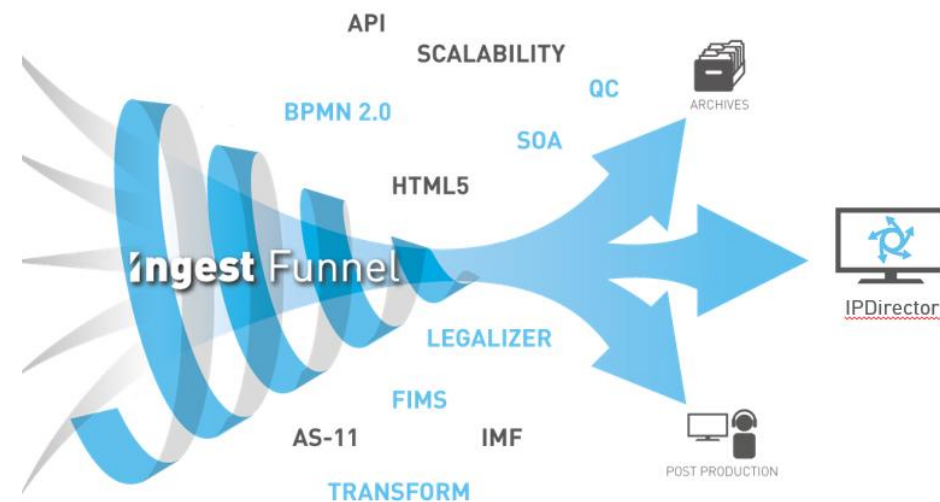


# NAB HIGHLIGHTS

Focus on live content management: Ingest funnel

- ▶ Single interface to drive ingest workflows by managing existing EVS and 3rd party systems.

- ▶ Single customizable interface (HTML5)
- ▶ Better leverage 3rd party systems
- ▶ Bridges the broadcast and IT domains
- ▶ Enabling ENG and File Based ingest into IPDirector





# NAB HIGHLIGHTS

## Focus on multimedia

### ▶ FanCast

- Enabling production and delivery of live and near-live custom content at top speed to in-stadium screens and to fans' mobile devices
- Combines XT3 platform, c-cast and IPDirector content management solution
- Cooperation with Cisco



### ▶ C-cast APPLIED challenge

- Aiming at developing an innovative community of C-Cast application designers and integrators



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# ORDER BOOK AT MAY 10, 2015

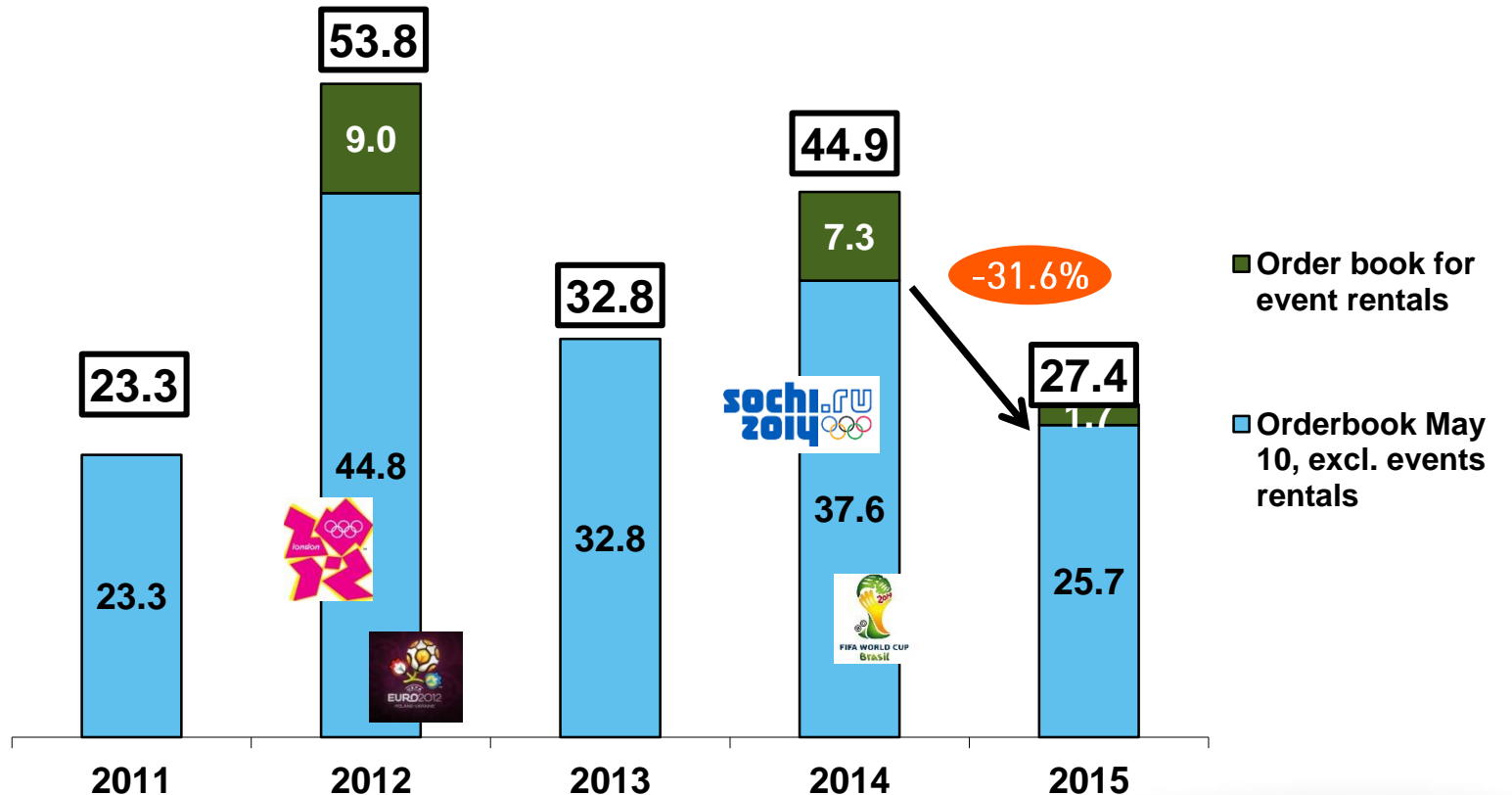
-31.6% excl. big events rentals

EUR 27.4 million at May 10 to be invoiced in 2015

- -31.6% yoy excluding big events
- Continued market slowdown
- Limited big events rentals in 2015 (EUR 1.7 million in order book)
- Between 75 and 80% to be invoiced in 2Q15

EUR 4.2 million for 2016 and beyond

- Compared to EUR 10.7 million last year



# OUTLOOK

## 2015 guidance

- ▶ Order book of EUR 27.4 million for 2015 at May 10
  
- ▶ Continued slowdown in the market:
  - Macro-economic headwinds and longer investment cycles
  - No visible traction in 2015 for 2016 big events
  - More clarity needed on new technologies adoption
  - 2015 revenue is likely to be in the EUR 100-115 million range
  
- ▶ Opex is expected to grow at high single digit compared to 2014:
  - Investments and hiring decisions made in 2014 mechanically add opex
  - Strong opex control
  - Currency effect
  - 2Q-3Q-4Q15 opex will be higher than 1Q15 due to timing effects:
    - New building depreciation starting April 1, 2015 (total depreciation expected to be slightly below EUR 3 million in 2015)
    - Recruitments and projects timing
    - Major trade shows spending occurring in Q2 and Q3 (NAB, IBC)

# GENERAL MEETING

- ▶ May 19, 2015 in the new headquarter
- ▶ Total gross dividend of EUR 2.00 (76% payout, 5.4% dividend yield)
- ▶ Renewal of the mandate of two Directors
- ▶ New CEO:
  - Approval of variable fees
  - Approval of change of control clause

# FINAL DIVIDEND

Dividend proposal – EUR 2.00 total gross dividend for 2014

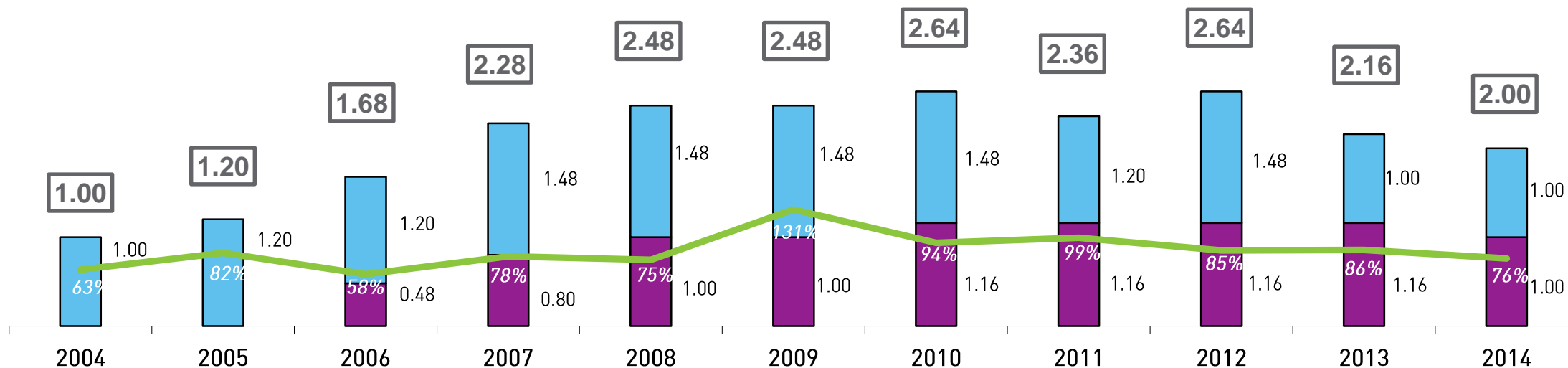
Evolution of dividend  
in EUR per share

Historical average pay out ratio of 84% since 2004

Final dividend (June)

Interim Dividend (November)

Payout



Pay out *:	63.3%	82.2%	58.1%	78.4%	74.5%	131.1%	93.6%	99.2%	85.2%	85.7%	76.0%
Div. Yield**:	9.8%	5.1%	4.3%	3.7%	4.4%	6.7%	6.3%	5.5%	6.6%	4.4%	5.4%

\*: defined as total gross dividend divided by net profit, group share

\*\* defined as total gross dividend divided by average share price of the fiscal year



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# KEY FIGURES

2013 and 2014 quarterly revenue according to new segment reporting

EUR thousands (unaudited)	1Q13	2Q13	3Q13	4Q13	FY13
Outside broadcast vans	18,483	14,828	13,170	15,618	62,099
Studio & others	14,334	14,436	14,776	22,906	66,452
Big event rentals	-	530	10	-	540
<b>Total</b>	<b>32,817</b>	<b>29,794</b>	<b>27,956</b>	<b>38,524</b>	<b>129,091</b>

EUR thousands (unaudited)	1Q14	2Q14	3Q14	4Q14	FY14
Outside broadcast vans	16,522	18,985	15,252	17,893	68,651
Studio & others	10,277	12,484	13,047	12,599	48,406
Big event rentals	2,543	4,105	7,663	34	14,345
<b>Total</b>	<b>29,342</b>	<b>35,574</b>	<b>35,962</b>	<b>30,526</b>	<b>131,403</b>



## CORPORATE CALENDAR

- ▶ May 19, 2015: Combined General Meeting
- ▶ August 27, 2015: 2Q15 earnings
- ▶ November 13, 2015: 3Q15 earnings