

# EVS Broadcast Equipment

## 3Q14 results

November 18, 2014

*Muriel DE LATHOUWER, President of the Executive Committee*

*Magdalena BARON, CFO*

*Geoffroy d'OULTREMONT, VP Investor Relations and Corporate Communication*



## FORWARD LOOKING INFORMATION

The statements made in this presentation that are not historical facts contain forward-looking information that involves risks and uncertainties. All statements, other than statements of historical fact, which address EVS Group's ("EVS", "dcinex" or the "Company") expectations, should be considered as forward-looking statements. Such statements made by EVS are based on knowledge of the environment in which it currently operates, but because of factors beyond its control, actual results may differ materially from the expectations expressed in the forward-looking statements. Important factors that may cause actual results to differ from anticipated results include, but are not limited to, financing risk, acquisition risk, changes in technology, and other risks as outlined in the filings with securities regulators and can also be found at [www.evs.com](http://www.evs.com).

# AGENDA

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- ▶ Corporate update
- ▶ Financial update
- ▶ Annexes

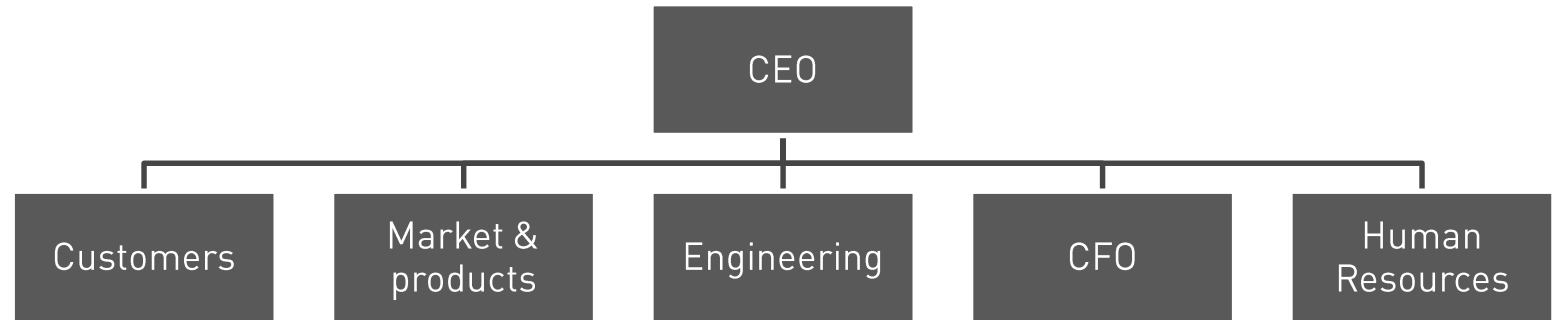
# CORPORATE UPDATE

## What happened in the last few weeks

- ▶ Executive committee working full speed under the leadership of Muriel De Lathouwer
- ▶ Recruitment of new CEO in progress
  
- ▶ Confirmation of the focus on four target markets
- ▶ Evaluation and redesign of the internal organization
- ▶ Active programs for Opex management fully in place

# CORPORATE UPDATE – new internal organization

Designed to make decision-making process more efficient



# AGENDA

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- ▶ Financial update
- ▶ Annexes

# KEY HIGHLIGHTS

## ▶ Solid 3Q14 results

- In line with management expectations
- Difficult market

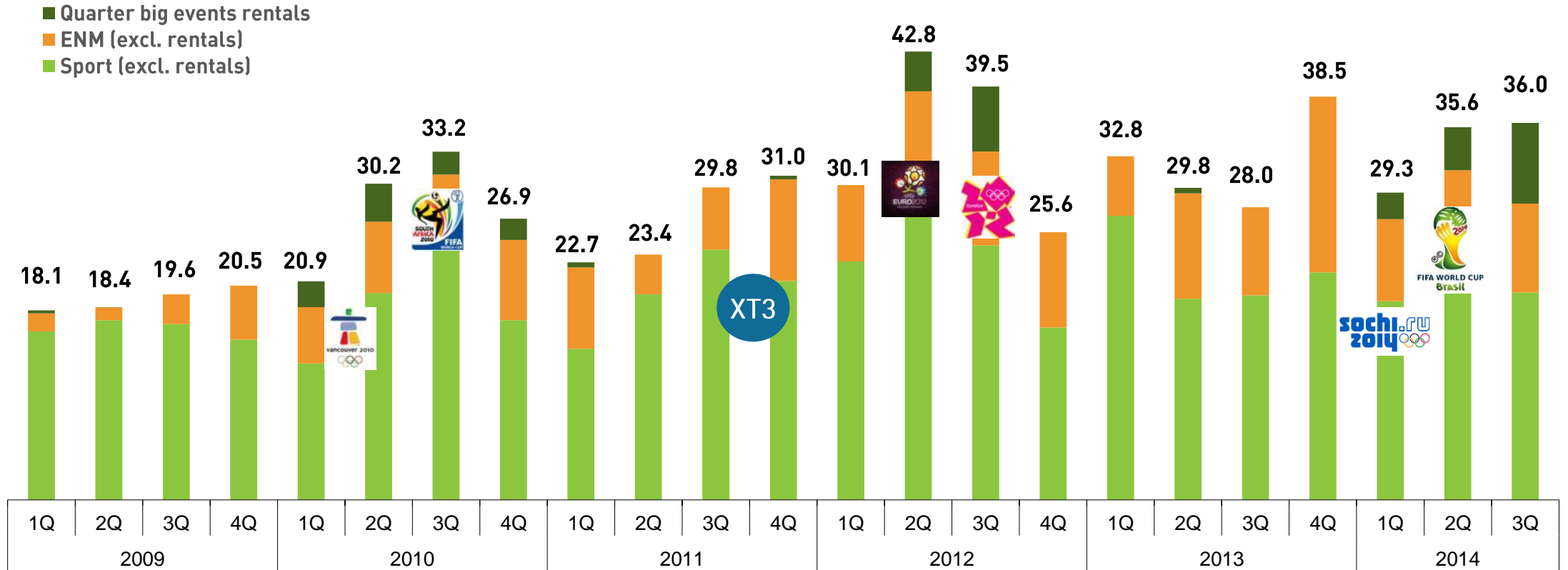
## ▶ 2014 outlook

- Low single digit sales growth (confirmed)
- Opex growth around 10% (improved compared to previous 10-13% range)

## ▶ 2015:

- Little visibility on top line
- Opex growth expected to be around 10% (improved compared to previous 10-15% range)

# QUARTERLY REVENUE SPLIT BY MARKET





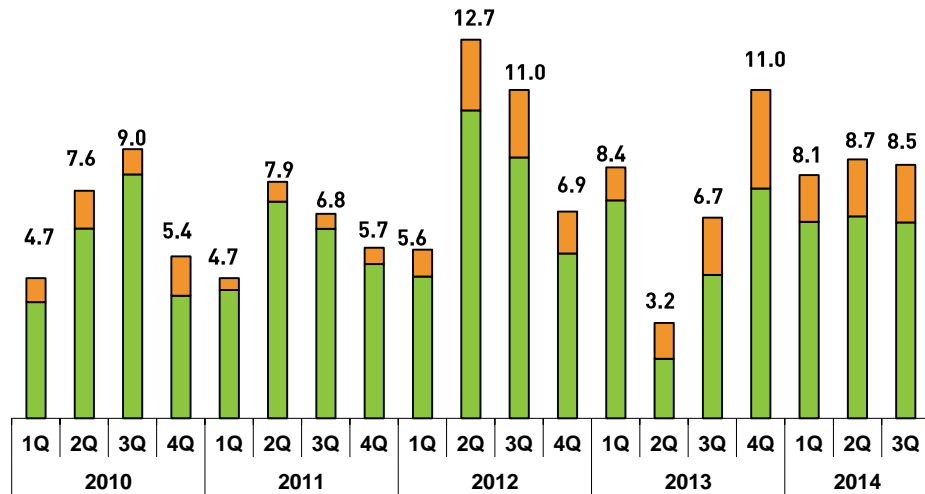
# GEOGRAPHICAL SPLIT

Solid performance in the Americas and EMEA

%: 3Q14 vs 3Q13 variation, at constant exchange rate, excluding big events rentals

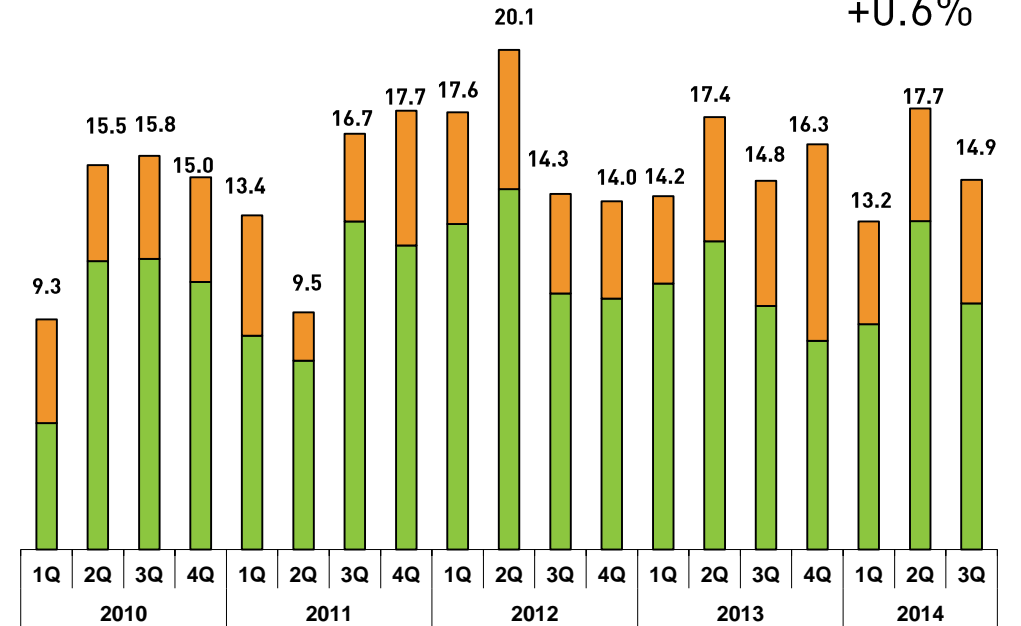
## Americas (excl. events)

3Q14  
+26.6%



## EMEA (excl. events)

3Q14  
+0.6%



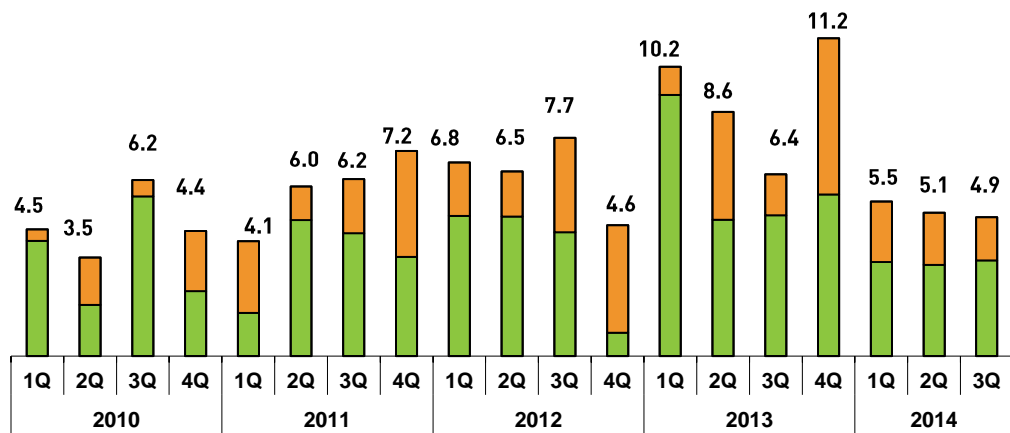
■ ENM  
■ Sports

# GEOGRAPHICAL SPLIT

Record big events rentals

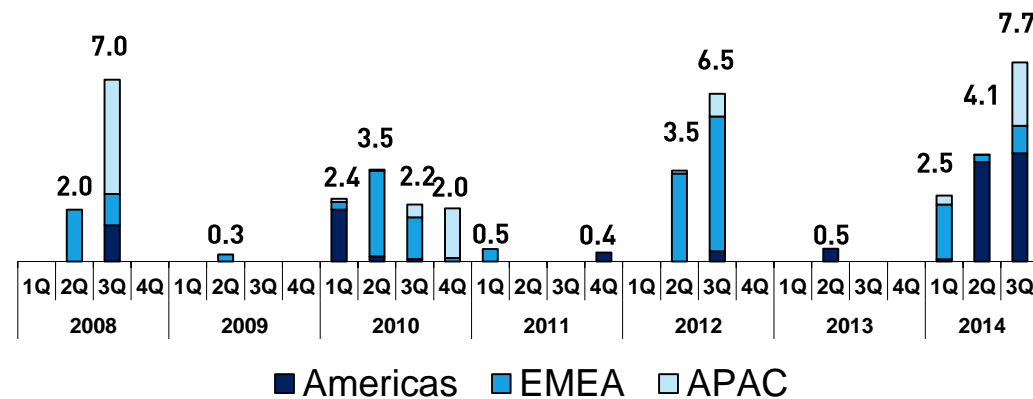
## APAC (excl. Events)

3Q14  
-23.7%



■ ENM  
■ Sports

## Big event rentals



■ Americas ■ EMEA ■ APAC

# 3Q14: REVENUE UP BY 28.6% (+1.3% excl. big events, at cst currency)

Reported

In millions of EUR	3Q14	3Q13
<b>REVENUE</b>	<b>36.0</b>	<b>28.0</b>
Cost of sales	(9.0)	(7.4)
Gross margin	26.9	20.5
Gross margin %	74.9%	73.4%
S&A	(6.3)	(6.5)
R&D	(6.1)	(5.3)
<b>EBIT</b>	<b>14.3</b>	<b>8.4</b>
<b>EBIT MARGIN</b>	<b>39.8%</b>	<b>30.0%</b>
Financial result	0.7	0.1
dcinex & mecalec at equity	0.1	0.3
Taxes	(4.1)	(2.7)
<b>NET PROFIT</b>	<b>11.3</b>	<b>6.3</b>
<b>NET PROFIT FROM OPS</b>	<b>11.4</b>	<b>6.4</b>
<b>BASICS EPS <sup>1)</sup></b>	<b>0.84</b>	<b>0.47</b>

## ▸ Gross margin:

- + Higher sales
- Product mix
- Write-offs

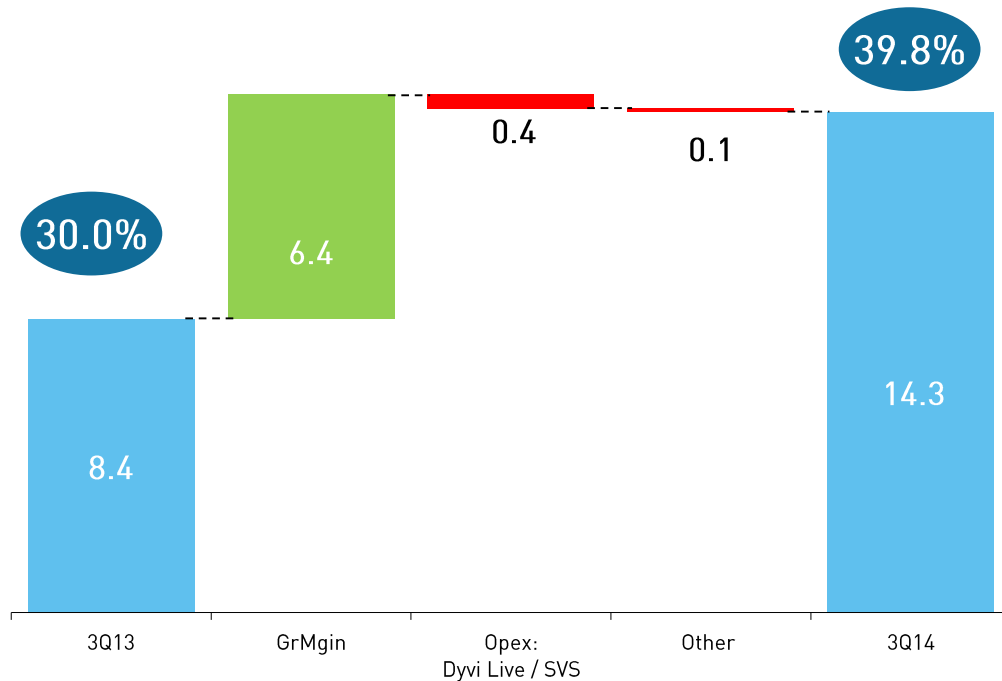
## ▸ Opex: +5.6% in 3Q14

- reclass. to COGS
- Dyvi Live / SVS negative contribution

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

## 3Q14 EBIT margin at 39.8%, or EUR 14.3 million

EBIT margin increase is mainly due to higher sales



- ▶ Gross margin impact mainly from sales leverage and reclassification
- ▶ Opex impacted by
  - Dyvi Live / SVS (fully consolidated minority stake)
  - Investment in future growth

# 9M14: REVENUE UP BY 11.4% (-3.0% excl. big events, at cst currency)

Reported

In millions of EUR	9M14	9M13
<b>REVENUE</b>	<b>100.9</b>	<b>90.6</b>
Cost of sales	(25.3)	(21.3)
Gross margin	75.6	69.3
Gross margin %	74.9%	76.5%
S&A	(18.5)	(18.6)
R&D	(18.6)	(16.7)
<b>EBIT</b>	<b>37.2</b>	<b>32.5</b>
<b>EBIT MARGIN</b>	<b>36.9%</b>	<b>35.9%</b>
<i>EBIT before SVS-DYVI</i>	<i>39.9</i>	<i>33.6</i>
<i>EBIT margin before SVS-DYVI</i>	<i>39.5%</i>	<i>37.1%</i>
Financial result	0.7	0.3
dcinex & mecalec at equity	0.3	0.4
Taxes	(11.8)	(10.3)
<b>NET PROFIT</b>	<b>27.3</b>	<b>23.3</b>
<b>NET PROFIT FROM OPS</b>	<b>28.3</b>	<b>24.5</b>
<b>BASICS EPS <sup>1)</sup></b>	<b>2.02</b>	<b>1.73</b>

## ■ Gross margin:

- + Higher sales
- Write-offs
- Additional costs on big events
- Product mix

## ■ Opex: +5.0% in 9M14

- Investment in future growth
- Dyvi Live / SVS negative contribution

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

# STRONG BALANCE SHEET

EUR 43.0 million cash

In millions of EUR	Sept 2014	Dec. 2013
<b>ASSETS</b>		
Goodwill and intangibles	1.6	2.1
Lands, buildings and other tangibles	48.2	33.7
Investments at equity	2.1	9.8
Inventories	17.2	16.2
Receivables	20.6	29.5
Cash	43.0	11.8
Assets held for sale	8.5	-
Other assets	5.6	5.8
<b>Total assets</b>	<b>146.8</b>	<b>108.9</b>
<b>EQUITY AND LIABILITIES</b>		
Total equity	81.5	68.5
Non-current liabilities	27.7	10.6
Trade payables	6.5	5.4
Other current liabilities	31.1	24.4
<b>Total equity and liabilities</b>	<b>146.8</b>	<b>108.9</b>

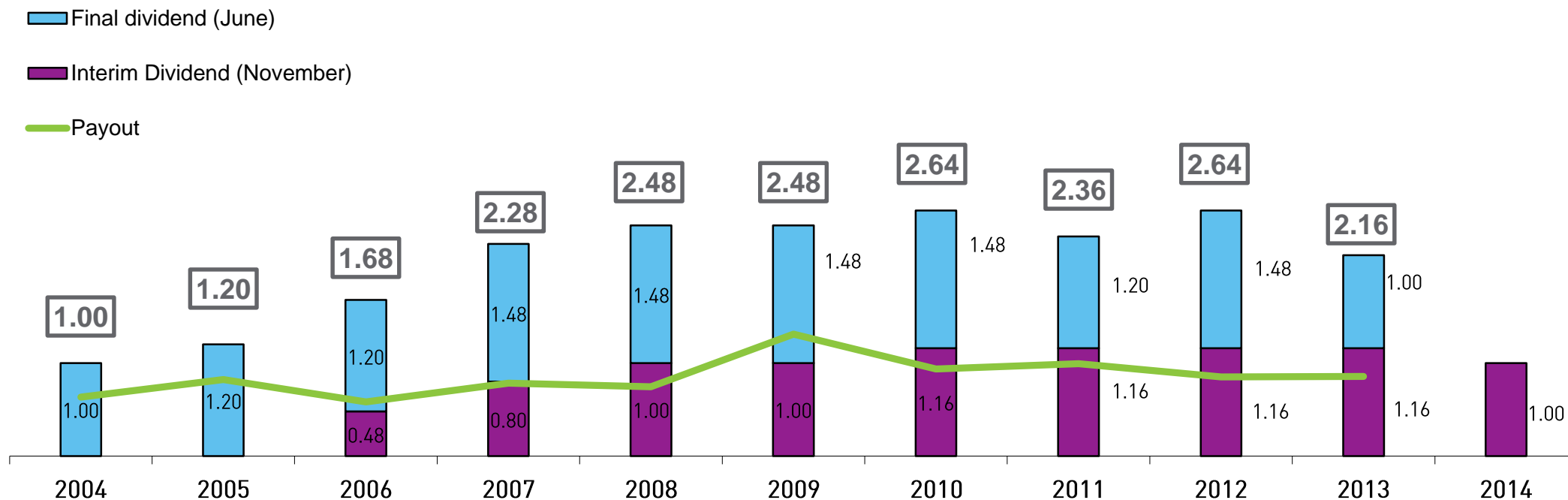
- ▶ Investments in the new HQ reflected in:
  - EUR 48.2 million in Lands and Buildings
  - LT liabilities of EUR 27.7 million
  - Assets held for sale of EUR 8.5 million
  - EUR 43.0 million cash, still partially to be used for building
  
- ▶ dcinex moved to “Assets held for sale” (EUR 8.0 million)

# 2014 INTERIM DIVIDEND OF EUR 1.00

Consistent with dividend policy

Evolution of dividend  
in EUR per share

Historical average pay out ratio of 85% since 2004



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

\*: 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

# DCINEX CONTRIBUTION TO EVS GROUP

Slightly higher sales due to seasonal effect, high EBITDA margin



## Key financials

In thousands of EUR	9M14	9M13
<b>REVENUE</b>	65,655	63,997
EBITDA	26,643	22,114
EBITDA margin	40.6%	34.6%
Net result	515	700
<b>EVS share</b>	41.3%	41.3%
<b>Dcinex result, EVS share</b>	213	289

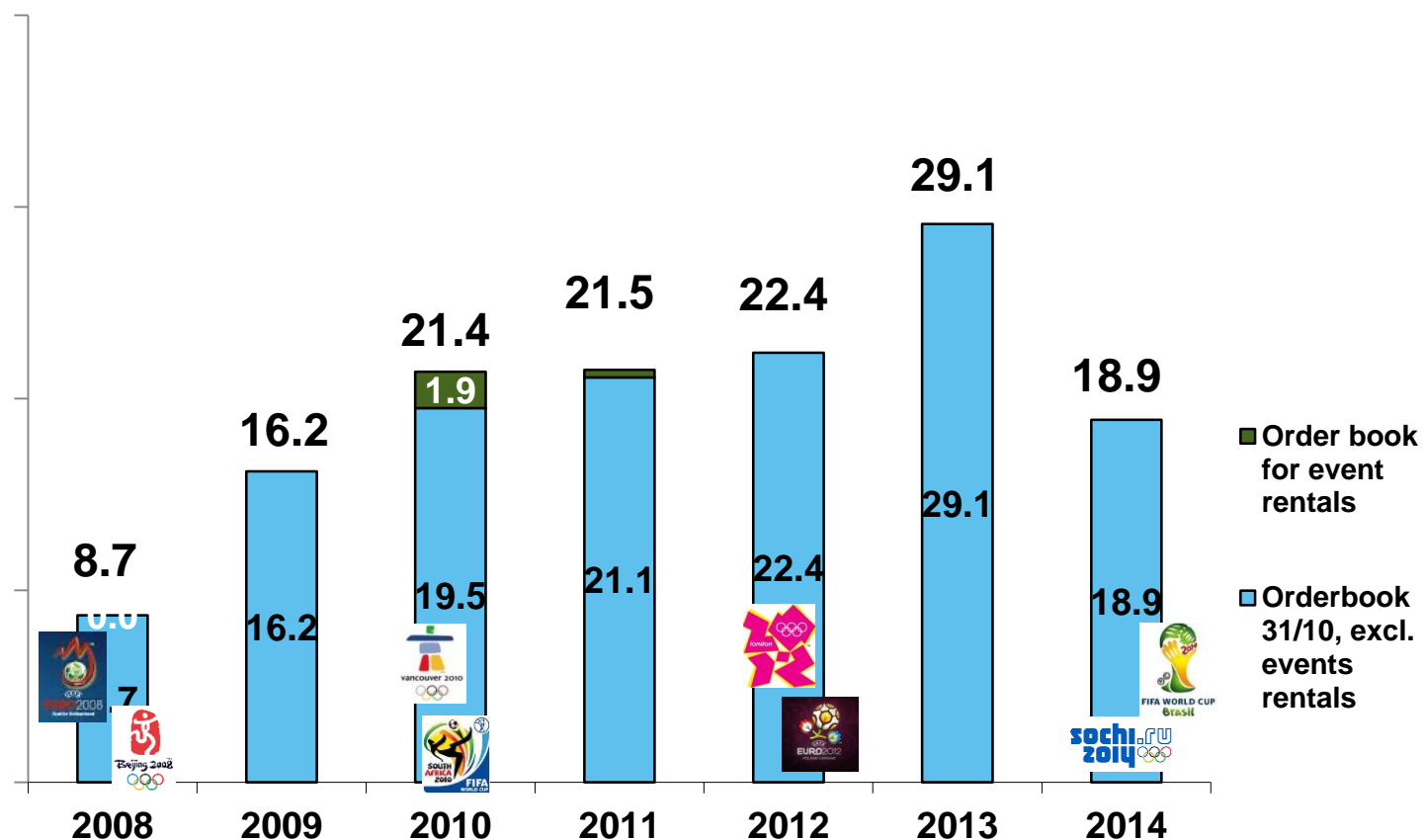
- ▶ Transaction completed on October 20
  - EUR 1.6 million net of transaction costs and fees
  - 288,851 Ymagis shares
  - EUR 6.4 million Ymagis bonds (associated with warrants)
  
- ▶ Q4 accounting treatment:
  - Separate line for one-time effect under EBIT



# ORDER BOOK AT OCTOBER 31, 2014

-35% compared to record 2013

- ▶ As expected, market slowdown in 2H14
- ▶ Strong finish expected in Nov./Dec. 2014
- ▶ 39.2% ENM
- ▶ For 2015 and beyond:
  - EUR 7.9 m
  - Vs record EUR 31.9 m last year
  - Large order has been taken out due to retender by customer



# OUTLOOK

## Confirmation of 2014 guidance

- ▶ Order book of EUR 18.9 million for 2014 at October 31
  
- ▶ Continued prudence regarding market conditions, with live production server market still challenging
  
- ▶ 2014:
  - Revenues expected to grow at low single digit
  - Continued investments in innovation (IP, Cloud) and organizational growth
    - Opex growth around 10%
  
- ▶ 2015:
  - Order book for 2015 has been adjusted to take into account the retender of one important order
  - Still very low visibility on top line
  - Further investments combined with active programs for Opex management will result in Opex growth of around 10%

## Corporate

- Working “Full speed”
- CEO search in progress

## Actuals:

- Solid 3Q14
- Protection of market share in key markets
- Continued difficult macro-environment
- Interim dividend of EUR 1.00

## 2014:

- Live production server market still showing signs of moderate slowdown
- Low single digit sales growth
- Around 10% Opex growth

## 2015:

- Little visibility
- Active programs for Opex management in place
- Opex growth expected to be around 10%

# AGENDA

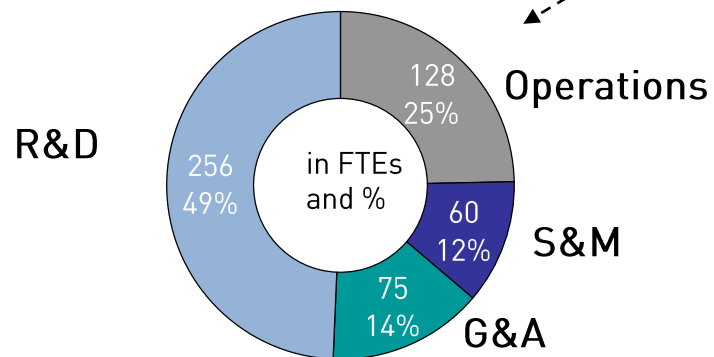
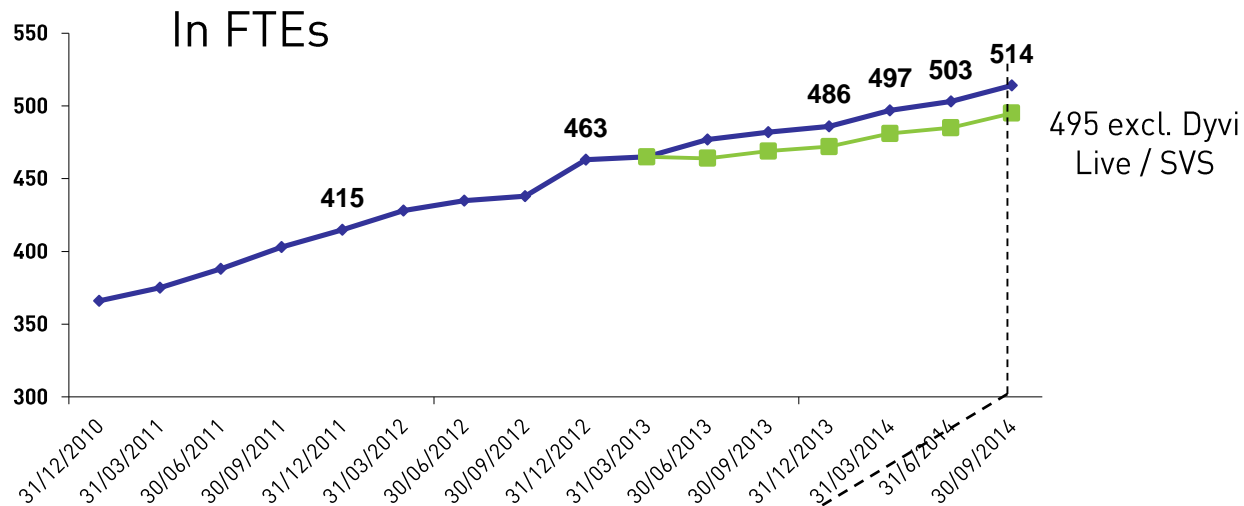
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# STAFF GROWTH: +32 people in 12 months

49% in innovation (R&D)

## Headcount evolution at September 30, 2014



- ▶ +6.6% in last 12 months
- ▶ Net +11 FTEs in 3Q14
- ▶ Functional split:
  - Innovation: 49% R&D
  - Expansion: 37% sales & ops
- ▶ More than 25 nationalities
- ▶ Average age: 36 years

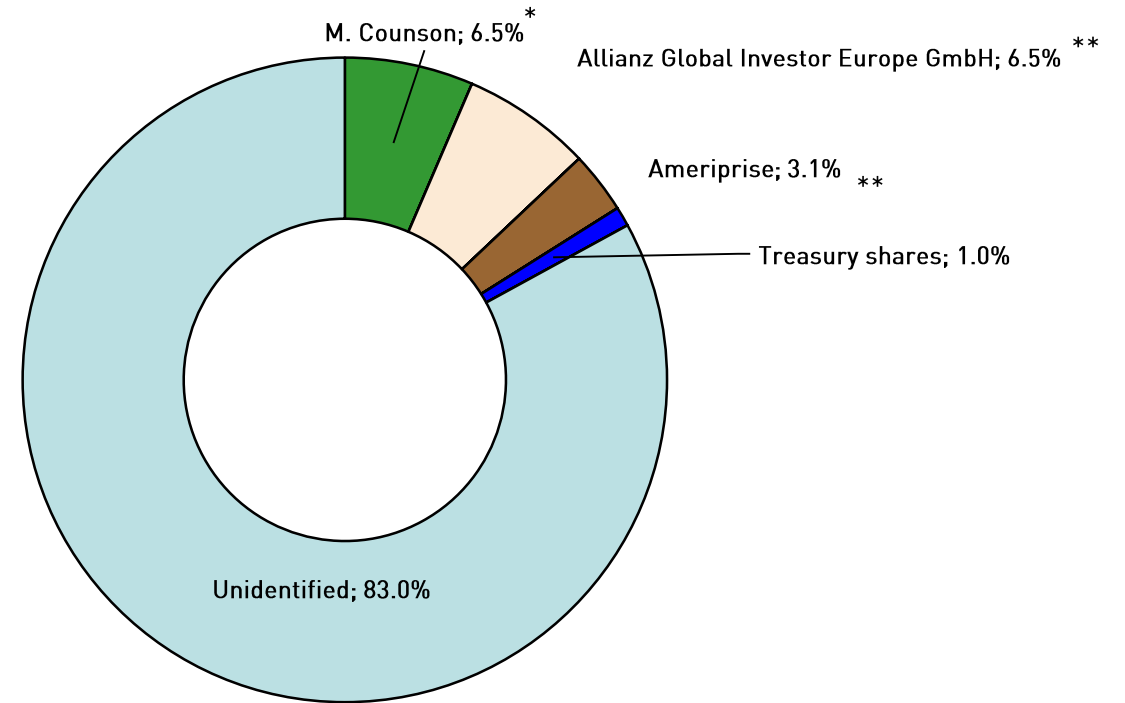
# CORPORATE CALENDAR

- ▶ November 24, 2014: interim dividend: ex-date
- ▶ November 25, 2014: interim dividend: record date
- ▶ November 26, 2014: interim dividend: payment date
  
- ▶ February 19, 2015: 4Q14 earnings
- ▶ May 12, 2015: 1Q15 earnings
- ▶ May 19, 2015: Ordinary General Meeting
- ▶ August 27, 2015: 2Q15 earnings
- ▶ November 13, 2015: 3Q15 earnings

- Stock data (Sept. 30, 2014):
  - Basis: 13,625,000 ordinary shares
  - Outstanding warrants : 409,050 @ 40.38
  - Treasury shares : 140,498 shares (125,000 shares bought back in 2014)
- Market cap (Nov. 7, 2014):
  - EUR 330 million (@ EUR 24.40)
- Liquidity (last 12 months):
  - Standard velocity: 145% (12 months)
  - Average daily volume:
    - 77,000 shares
    - EUR 3.0 million

Source: Fidessa, incl. block trading and transactions out of Euronext Brussels

## Shareholders (October 31, 2014)



\* Board member

\*\* According to shareholders notifications