

# EVS Broadcast Equipment

## FY13 results

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February 20, 2014

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[www.evs.com](http://www.evs.com)



**EVS**

## FORWARD LOOKING INFORMATION

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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).

## HIGHLIGHTS

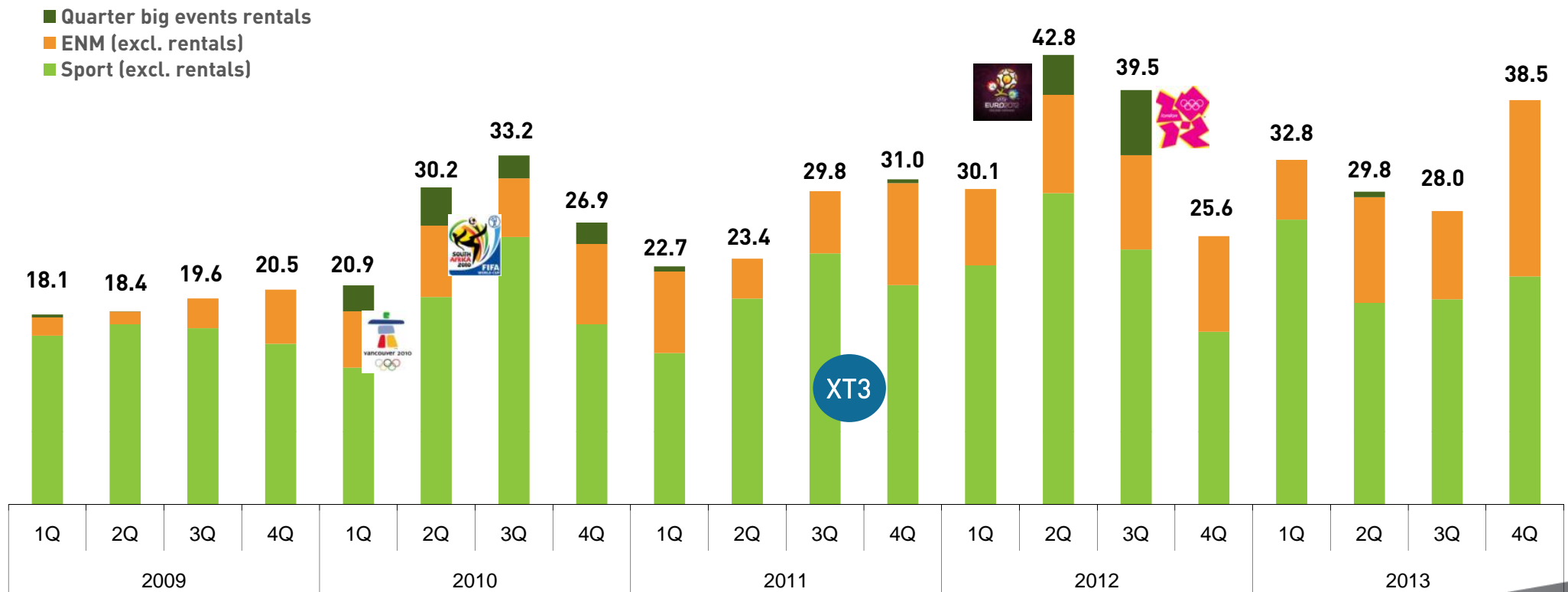
- ▶ Strong 4Q13 (as expected), leading to a solid FY13 company performance
- ▶ APAC remained strong; Americas showed recovery in the second half
- ▶ Lower revenues and higher costs lead to 37.5% EBIT margin in FY13
- ▶ Winter order book : record EUR 48.2 million (EUR 37.4 million in 2013)
- ▶ 2014: a special year
  
- ▶ Guidance:
  - 2014: unchanged cautiousness on the 2014 market conditions
  - 10-15% opex growth mainly due to investments in promising network technologies as communicated in November 2013

## AGENDA

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- ▶ Financial update
- ▶ Business update
- ▶ 2014 outlook
- ▶ Annexes

# QUARTERLY REVENUE SPLIT BY MARKET

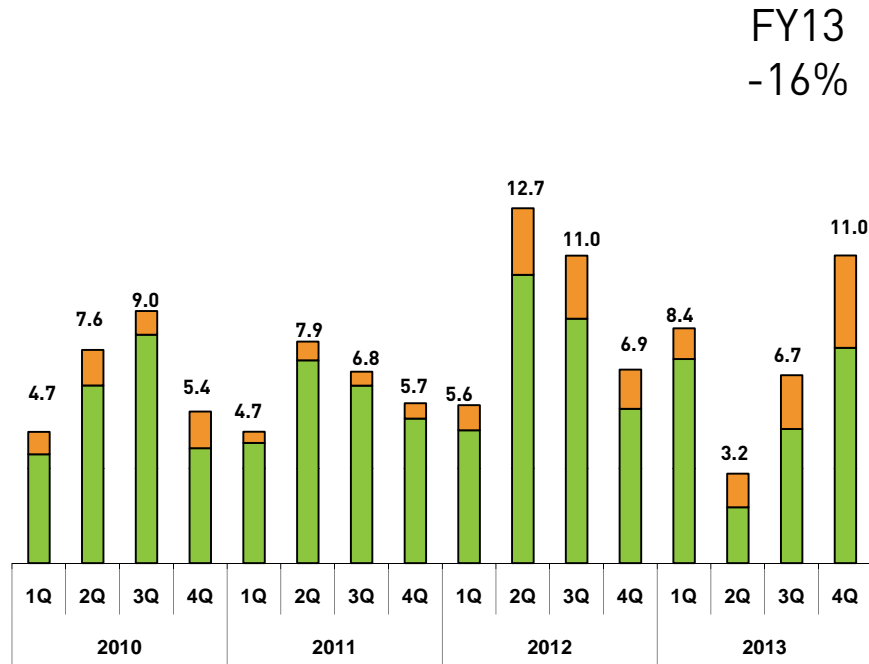


# GEOGRAPHICAL SPLIT

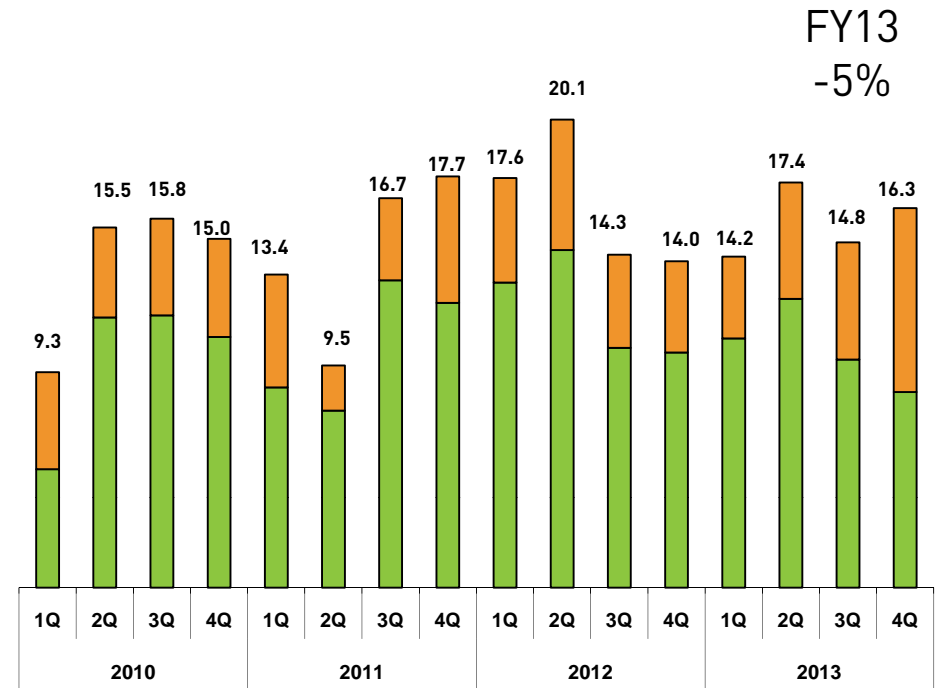
Strong 4Q13 performance, particularly in the Americas

%: FY13 vs FY12 variation, at constant exchange rate, excluding big events rentals

## Americas (excl. events)



## EMEA (excl. events)



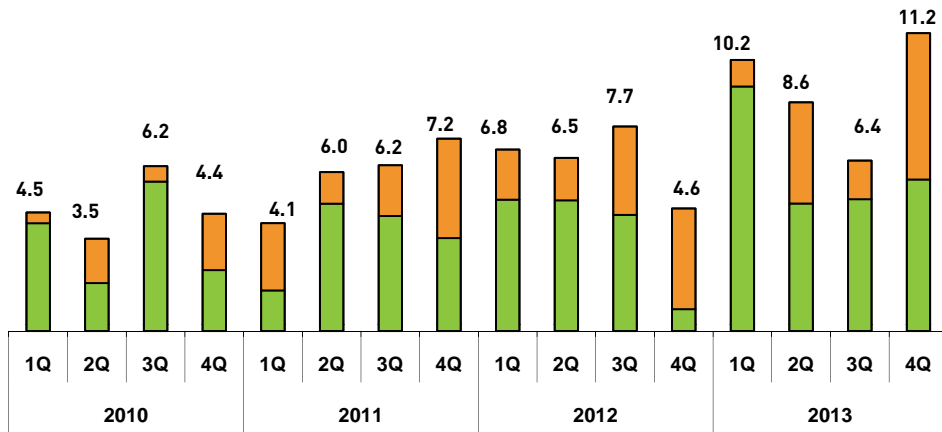
■ ENM  
■ Sports

# GEOGRAPHICAL SPLIT

Very strong APAC

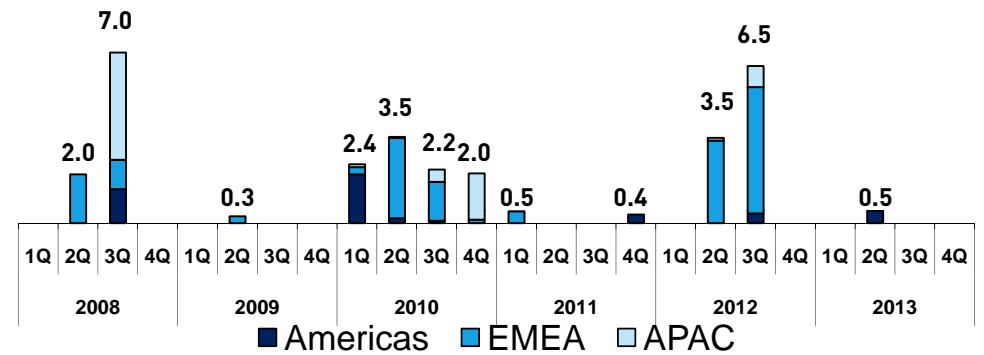
## APAC (excl. Events)

FY13  
+43%



■ ENM  
■ Sports

## Big event rentals



■ Americas ■ EMEA ■ APAC

## 4Q13: REVENUE UP BY 50.7%

Reported

In millions of EUR	4Q12	3Q13	4Q13
<b>REVENUE</b>	<b>25.6</b>	<b>28.0</b>	<b>38.5</b>
Cost of sales	(8.4)	(7.4)	(10.3)
Gross margin	17.2	20.5	28.2
Gross margin %	67.3%	73.4%	73.3%
S&A	(3.9)	(6.5)	(5.8)
R&D - gross	(6.8)	(5.5)	(6.4)
R&D - tax credit	0.4	0.2	0.4
<b>EBIT before repositioning costs</b>	<b>6.6</b>	<b>8.4</b>	<b>15.9</b>
Repositioning costs	(1.4)	-	-
<b>EBIT</b>	<b>5.2</b>	<b>8.4</b>	<b>15.9</b>
<b>EBIT MARGIN</b>	<b>20.3%</b>	<b>30.0%</b>	<b>41.3%</b>
Financial result	(0.1)	0.1	(0.1)
dcinex & mecalec at equity	0.4	0.3	(0.2)
Taxes	(1.1)	(2.7)	(5.0)
<b>NET PROFIT</b>	<b>4.4</b>	<b>6.3</b>	<b>10.7</b>
<b>NET PROFIT FROM OPS</b>	<b>5.8</b>	<b>6.4</b>	<b>11.5</b>
<b>BASICS EPS FROM OPS <sup>1)</sup></b>	<b>0.43</b>	<b>0.48</b>	<b>0.86</b>

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

### 4Q13

- ▶ Gross margin:
  - + higher sales
  - + technical warranty provision
  - reclassifications from R&D
  - inventory write-offs
  - product mix
- ▶ Opex: +15.0% in 4Q13
  - + reclass. to COGS
  - SG&A up on management change and reinforcement
  - Dyvi Live / SVS negative contribution
- ▶ EBIT margin of 41.3%
- ▶ EPS : EUR 0.86



## FY13: REVENUE DOWN BY 6.4%

Revenue up by 1.3% at cst currency and excl. big event rentals

Actual FY

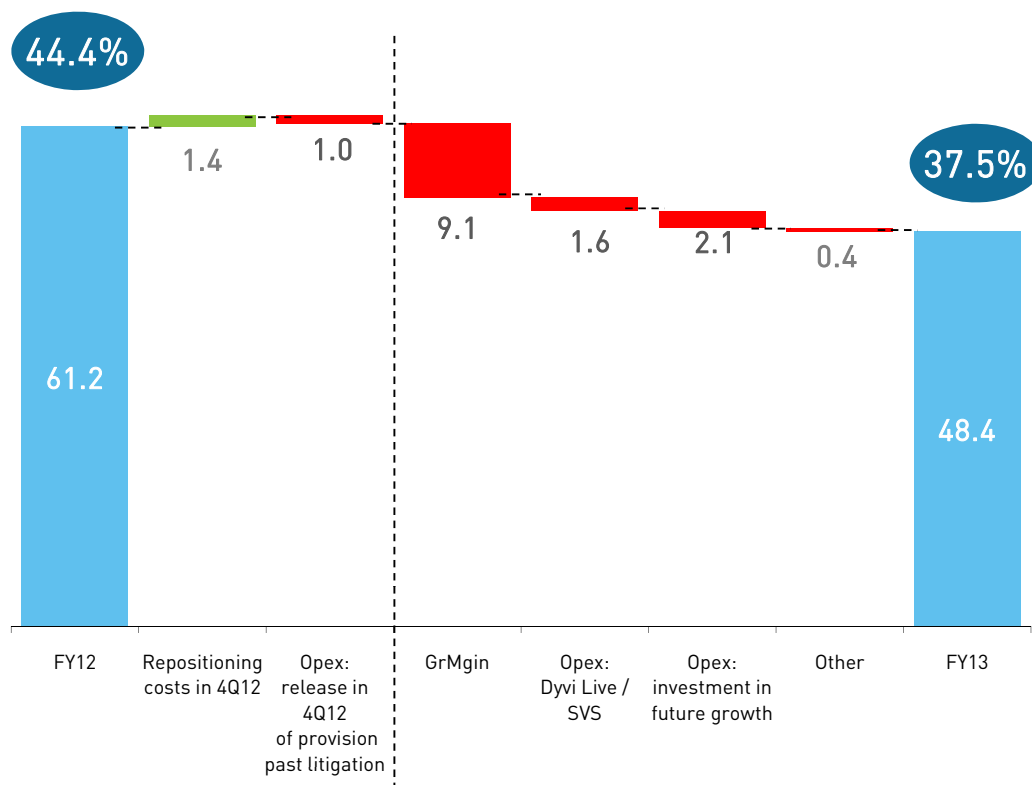
In millions of EUR	FY12	FY13
<b>REVENUE</b>	<b>137.9</b>	<b>129.1</b>
Cost of sales	(31.3)	(31.6)
Gross margin	106.6	97.5
Gross margin %	77.3%	75.5%
S&A	(20.2)	(24.4)
R&D - gross	(23.6)	(24.0)
R&D - tax credit	1.3	1.3
<b>EBIT before repositioning costs</b>	<b>62.6</b>	<b>48.4</b>
Repositioning costs	(1.4)	-
<b>EBIT</b>	<b>61.2</b>	<b>48.4</b>
<b>EBIT MARGIN</b>	<b>44.4%</b>	<b>37.5%</b>
Financial result	(1.7)	0.1
dcinex & mecalec at equity	0.5	0.2
Taxes	(18.3)	(15.3)
Non-controlling interests	-	(0.7)
<b>NET PROFIT</b>	<b>41.7</b>	<b>34.0</b>
<b>NET PROFIT FROM OPS</b>	<b>44.6</b>	<b>36.1</b>
<b>BASICS EPS FROM OPS <sup>1)</sup></b>	<b>3.31</b>	<b>2.68</b>

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

- ▶ Gross margin:
  - lower sales deleverage effect
  - reclass. from R&D
  - extra hires, as planned
  - product mix
  
- ▶ Opex up 11.0% in FY13:
  - SG&A up on sales reinforcement and mgt changes
  - + reclass. to COGS
  - investment in Dyvi Live / SVS: EUR +1.6m in FY13 in opex
  
- ▶ EBIT margin of 37.5%
  
- ▶ EPS : EUR 2.68

## FY13 EBIT margin at 37.5%, or EUR 48.4 million

EBIT margin decrease is mainly due to deleveraging on lower sales

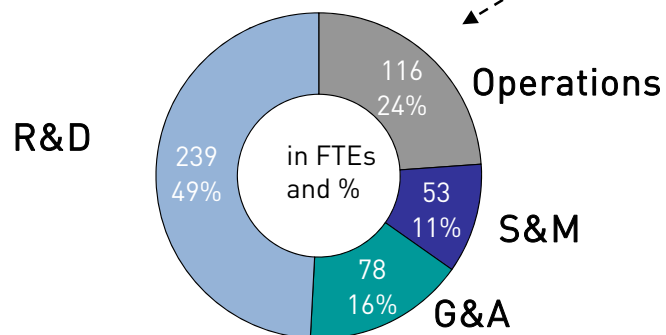
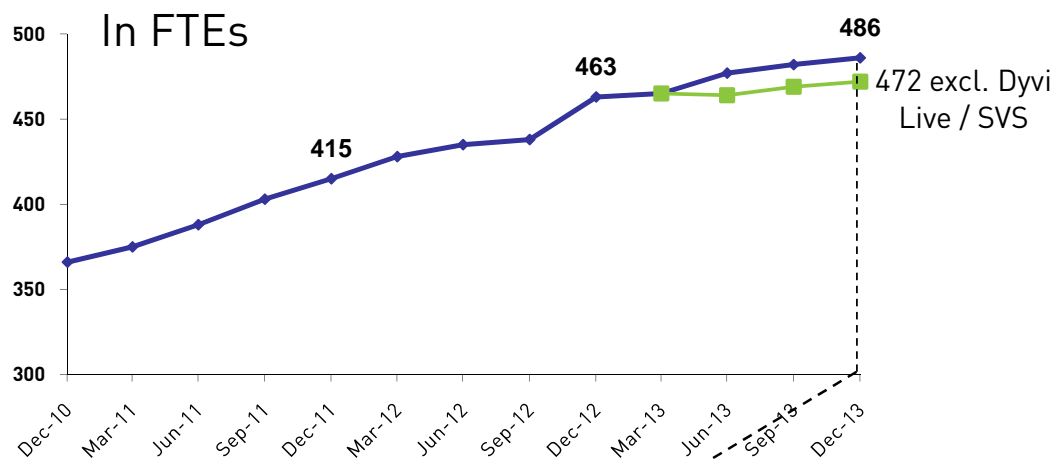


- ▶ Gross margin impact mainly from sales leverage and reclassification
- ▶ Opex impacted by
  - Dyvi Live / SVS (fully consolidated minority stake)
  - Management reinforcement
  - Investment in future growth

# STAFF GROWTH: +23 PEOPLE IN 2013 (incl. 14 people in Dyvi Live / SVS)

49% in innovation (R&D)

## Headcount evolution at December 31, 2013



- ▶ Net +23 FTEs in 12 months (+5.0%), incl. 14 people in Dyvi Live / SVS
- ▶ Functional split:
  - Innovation: 49% R&D
  - Expansion: 35% sales & ops
- ▶ More than 25 nationalities
- ▶ Average age: 36 years

## STRONG BALANCE SHEET

EUR 11.8 million cash

In millions of EUR	Dec. 2012	Dec. 2013
<b>ASSETS</b>		
Goodwill and intangibles	1.6	2.1
Lands, buildings and other tangibles	21.1	33.7
dcinex and Mecalec at equity	8.5	9.8
Inventories	15.9	16.2
Receivables	21.1	29.5
Cash	21.4	11.8
Other assets	5.3	5.8
<b>Total assets</b>	<b>95.0</b>	<b>108.9</b>
<b>EQUITY AND LIABILITIES</b>		
Total equity	67.3	68.5
Non-current liabilities	3.6	10.6
Trade payables	6.6	5.4
Other current liabilities	17.5	24.4
<b>Total equity and liabilities</b>	<b>95.0</b>	<b>108.9</b>

- ▶ Investments in the new HQ reflected in:
  - EUR 31.9 million in Lands and Buildings
  - Cash of EUR 11.8 million
  - LT liabilities of EUR 10.6 million
  
- ▶ Receivables increased strongly due to strong sales at the end of 2013, but DSO improved from 75 to 70

## DCINEX CONTRIBUTION TO EVS GROUP

Slightly higher sales due to seasonal effect, high EBITDA margin



### FY13 key financials

In thousands of EUR	FY12	FY13
<b>REVENUE</b>	88,809	92,294
EBITDA	23,795	31,363
EBITDA margin	26.8%	34.0%
Net result	1,004	224
<b>EVS share</b>	41.3%	41.3%
<b>Dcinex result, EVS share</b>	415	93

- ▶ Top player in Europe
- ▶ +3.9% sales in FY13
- ▶ +26.9% higher EBITDA margin

## AGENDA

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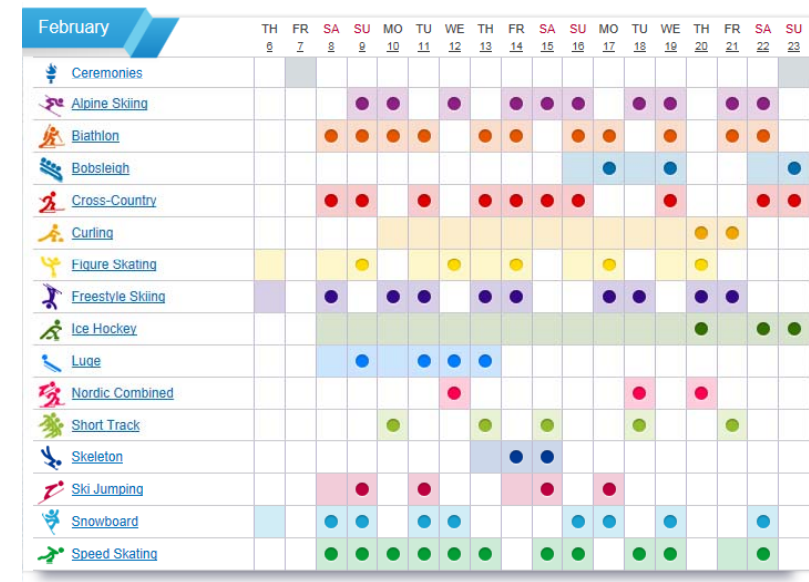
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# SOCHI 2014

Biggest Winter Olympics, also for EVS

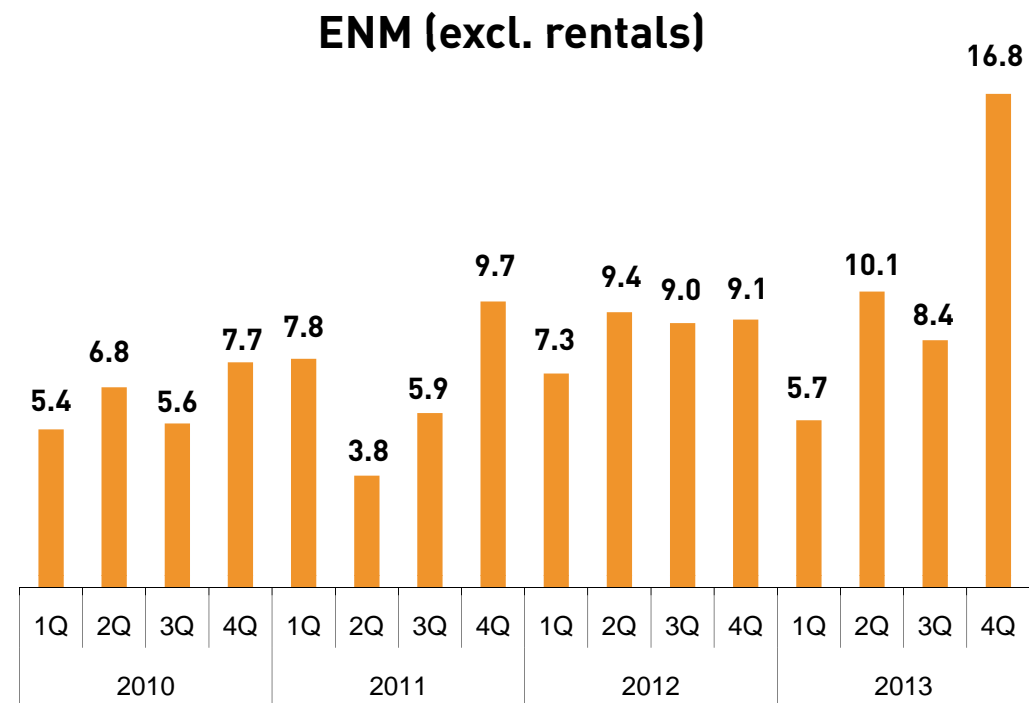


- 25 OB vans, 500 cameras, 200 EVS servers for live production in venues
- EVS involvement: multiple feeds recording, permanent storage, live logging, tape library system
- Complexity: lots of sports simultaneously
- New in Sochi:
  - Venues:
    - Mix zones: direct clipping with iXT app
  - IBC:
    - Multiple Delivery System (10 channels)
    - Olympic news channel (460 hours of broadcast news)
    - Hi-Res and Lo-Res delivery
  - Intersite network management for Panorama (between Moscow center, OB vans and IBC in Sochi)



## ENM GROWING STRUCTURALLY

- ▶ Past investments in R&D resulting in stronger growth in ENM
- ▶ Some deals with more integration of third party tools have an impact on EBIT margin
- ▶ Potential in the US market
- ▶ Higher proportion of recurring revenues
- ▶ Expand customer base (e.g. SkyNews Arabia, WDR) and growing existing customers (e.g. Astro, Channel One)

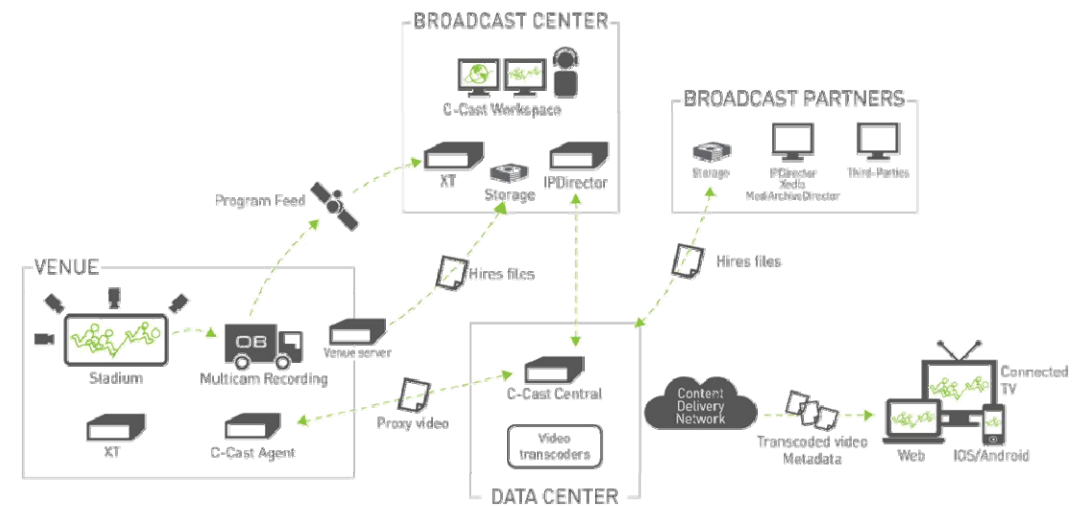




# C-CAST TECHNOLOGY

## How to leverage cloud for broadcast productions

- Expanding functionalities of C-Cast
- Increasing number of broadcasters using the technology: RTL-Tvi (Belgium), Canal+ (France), Eredivisie (Netherlands), Sky (UK), etc
- World cup 2014 as another catalyst



## AGENDA

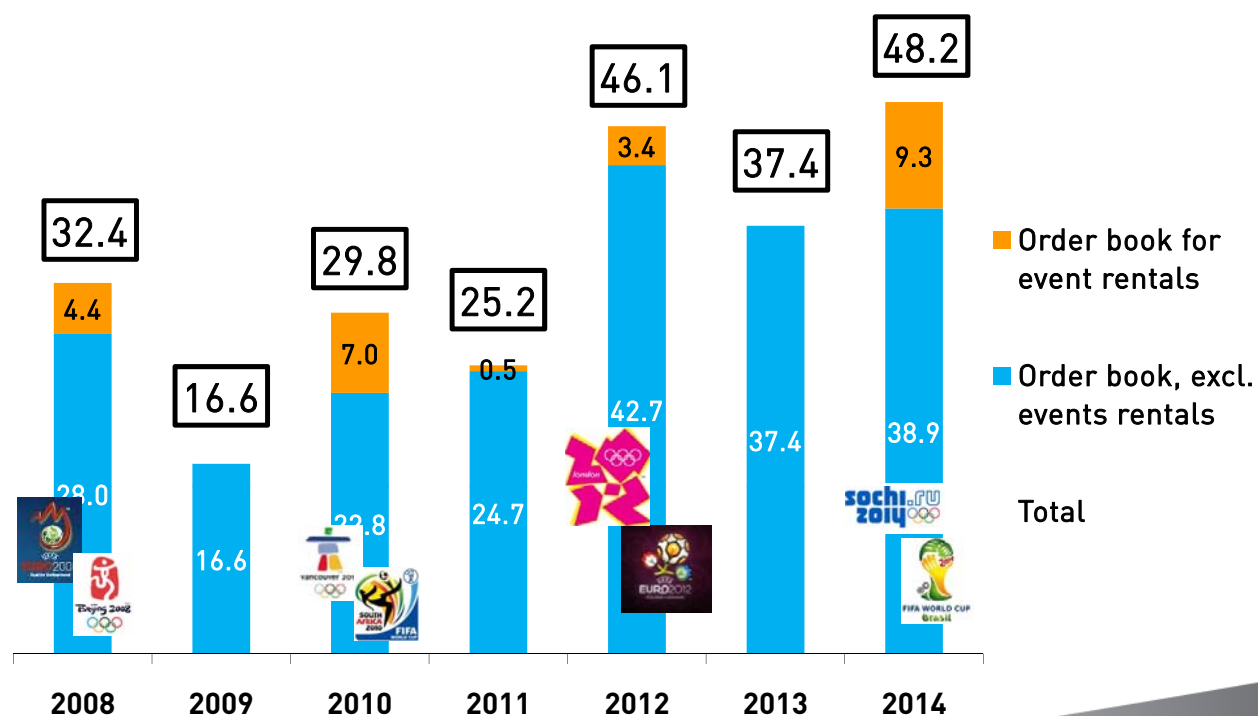
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# GLOBAL WINTER ORDER BOOK AT FEBRUARY 15

EUR 48.2 million, including EUR 9.3 million relating to the big events

- ▶ EUR 48.2 million at Feb 15 to be invoiced in 2014
  - Good order diversity
  - +4.0% yoy excluding big events
  - incl. EUR 9.3 million for big events (Sochi 2014 and World Cup in Rio)
  
- ▶ EUR 9.6 million for 2015 and beyond
  - Compared to EUR 5.6 million last year



# OUTLOOK

Consistent with November message

- ▶ Order book of EUR 48.2 million for 2014
  - Includes EUR 9.3 million for big sporting events
- ▶ Continued prudence regarding market conditions
- ▶ Continued investments in innovation (IP, Cloud) and organizational growth
  - Opex growth between 10% and 15%
- ▶ Market share growth expected in ENM, which might continue to include, in some cases, lower margins due to third party tools integration

**Sports**  
Leadership

**ENM**  
Challenger

**Services**  
Development

## CONCLUSIONS

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- ▶ Strong 4Q13, in line with EVS expectations
- ▶ FY13: record revenues in uneven year (+1.3% at cst currency, excl. big events)
  - Solid last quarter 41.3% EBIT margin despite continued investments in opex
- ▶ Winter order book of EUR 48.2 million
  - incl EUR 9.3m for 2014 big events rentals
- ▶ 2014: confirmation of cautiousness on market conditions
- ▶ Opex growth of 10-15% on the back of investments in promising new technologies
- ▶ New 4-market strategy plan is on track

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# EVS CELEBRATES 20 YEARS OF MEMORIES

## Key milestones

- ▶ February 17, 1994: Once upon a time ...
- ▶ 1996: Olympic games in Atlanta as a support of Panasonic Supermotion cameras
- ▶ 1998: listing on Euronext Brussels, World Cup, move to Liège Science Park
- ▶ 2001: launch of XT server, RTL news solution
- ▶ 2003: new headquarter building in Liège Science Park
- ▶ 2004: spin-out of digital cinema activities (now called dcinex)
- ▶ 2005: launch of XT2 platform and IPDirector media asset management tool
- ▶ 2008: Beijing Olympics, economic crisis
- ▶ 2009: opening Brussels office following acquisition of Dwesab
- ▶ 2010: acquisition of Opencube Technologies (Toulouse)
- ▶ 2011: launch of XT3 platform
- ▶ 2013: Launch of new 4-market strategy



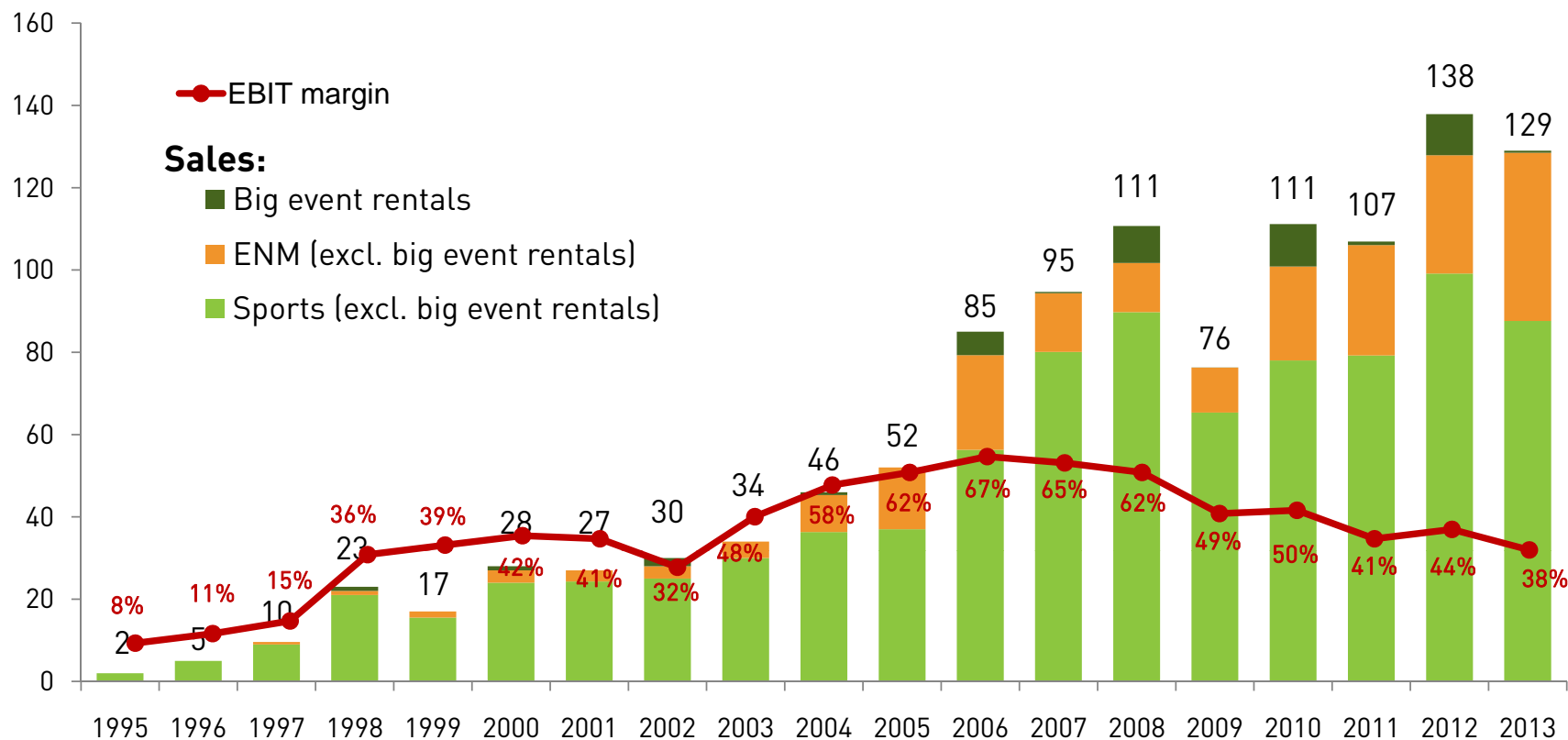
**CELEBRATE**  
20 YEARS OF MEMORIES

# EVS CELEBRATES 20 YEARS OF MEMORIES

## Key figures



**CELEBRATE**  
20 YEARS OF MEMORIES





# EVS CELEBRATES 20 YEARS OF MEMORIES

What has made EVS so unique ?

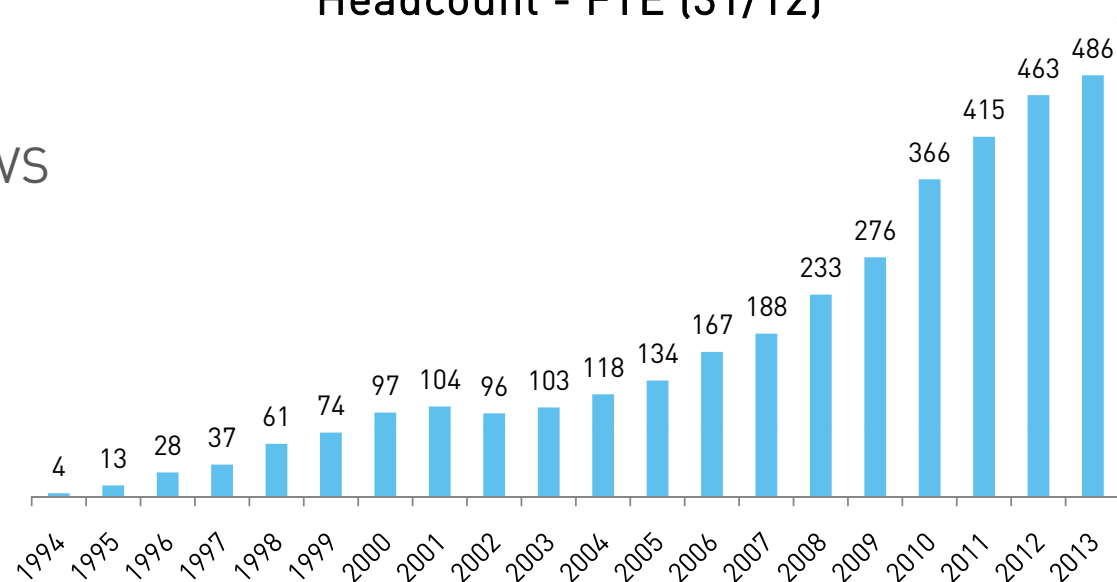


**CELEBRATE**  
20 YEARS OF MEMORIES

## Our key assets:

- Engagement of EVS employees
- Reliability of the solutions
- Service-minded attitude
- partnership between customers and EVS
- Continued innovation

Headcount - FTE (31/12)



\* Including employees of SVS (minority stake, but fully consolidated)

## CORPORATE CALENDAR

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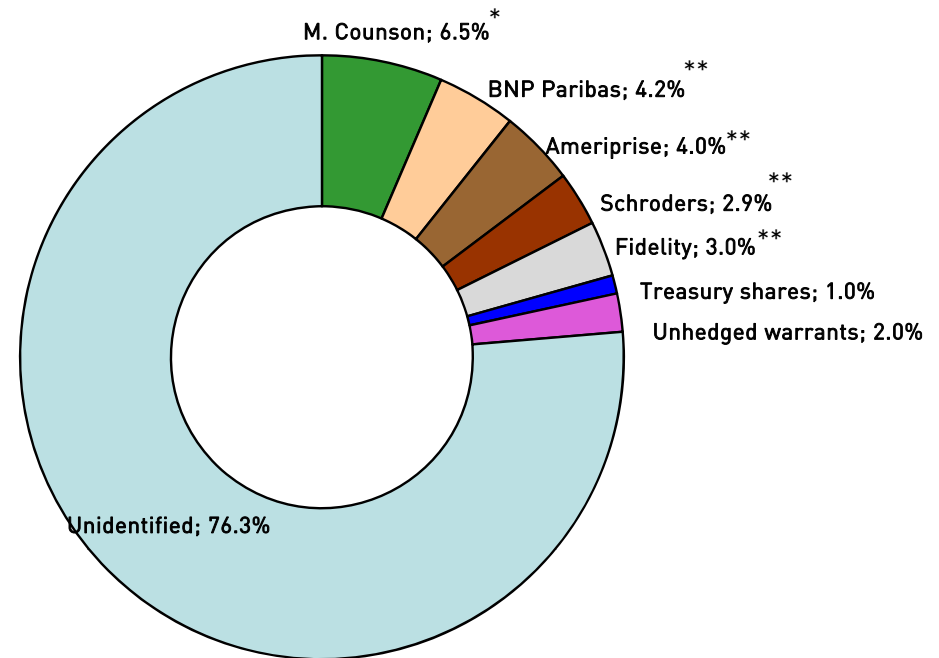
- ▶ April 7-10, 2014: NAB tradeshow (Las Vegas)
- ▶ Thursday May 15, 2014: 1Q14 earnings
- ▶ Tuesday May 20, 2014: Ordinary General Meeting
- ▶ Thursday August 28, 2014: 2Q14 earnings
- ▶ Tuesday November 18, 2014: 3Q14 earnings

# EVS STOCK MARKET DATA

- Stock data (December 31, 2013):
  - Basis: 13,625,000 ordinary shares
  - Outstanding warrants : 420,000 @ 38.95
  - Treasury shares : 133,364 shares (no share buyback in 2013)
- Market cap (February 10, 2014):
  - EUR 620 million (@ EUR 45.50)
- Liquidity (last 12 months):
  - Standard velocity: 117% (12 months)
  - Average daily volume:
    - 62,000 shares
    - EUR 3.0 million

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

## Shareholders (January 31, 2014)



\* Board member

\*\* According to shareholders notifications or updates on January 31, 2014

# OUR JOURNEY TO RIO2016

