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Regulated information – Press release quarterly results
EVS Broadcast Equipment S.A.: Euronext Brussels (EVS.BR), Bloomberg (EVS BB), Reuters (EVS.BR)

EVS REPORTS THIRD QUARTER 2016 RESULTS

> 3Q16 highlights

- Revenue of EUR 37.1 million +31,6% compared to 3Q15 thanks to big event rentals (+3.6% excl. event rentals and at constant currency)
- EBIT margin of 39.7%
- Net Profit of EUR 10.5 million, EPS of EUR 0.78

> 9M16 highlights

- Revenue of EUR 103.8 million, +24.5% compared to 9M15 (excl. event rentals and at constant currency)
- Operating expenses under control (+3.2% compared with 9M15)
- EBIT margin of 38.3% (or 37.2% EBIT margin excluding *other revenues*)
- Net profit of EUR 28.0 million, EPS of EUR 2.07

> Gross interim dividend of EUR 0.60 per share

> Outlook

- Order book of EUR 16.2 million on October 31, 2016 (to be invoiced in 2016)
 - > -14.3% vs last big events year (2014)
- Additional EUR 23.8 million orders to be invoiced in 2017 and beyond
- Revenue in 2016 is expected to be between EUR 128 million and EUR 134 million (incl. around EUR 12 million of big event rentals)
- Stable to slight opex growth in 2016

KEY FIGURES

Unaudited			EUR millions, except earnings per share expressed in EUR	Unaudited		
3Q16	3Q15	3Q16/3Q15		9M16	9M15	9M16/9M15
37.1	28.2	+31.6%	Revenue	103.8	75.6	+37.2%
28.3	19.8	+43.4%	Gross margin	78.0	52.5	+48.5%
76.3%	70.0%	-	Gross margin %	75.2%	69.4%	-
14.8	7.2	+104.5%	Operating profit – EBIT	40.0	14.6	+171.6%
39.7%	25.6%	-	Operating margin – EBIT %	38.3%	19.3%	-
10.5	4.8	+118.0%	Net profit (Group share)	28.0	10.3	+172.0%
0.78	0.36	+117.8%	Basic earnings per share (Group share)	2.07	0.76	+171.7%

COMMENTS

“The third quarter was clearly supported by the activity around the big sporting events of the summer, in France and Brazil, which generated a quarterly record amount of EUR 8.2 million rental revenue. And, as usual, the period following these has been quieter in terms of order intake. The sporting events of this summer also confirmed the leadership of EVS in the industry and its key role in the experience of sports in particular”, said Muriel De Lathouwer, CEO of EVS.

Commenting on the results and prospects, Yvan Absil, CFO, said: “With strong revenue of EUR 37.1 million, our third quarter EBIT margin was close to 40%. For 2016, we see total revenue between EUR 128 million and EUR 134 million, and we expect stable or slightly higher opex compared to 2015.”

Revenue in 3Q16 and 9M16

3Q16	3Q15	%3Q16/ 3Q15	Revenue – EUR millions	9M16	9M15	% 9M16/ 9M15
37.1	28.2	+31.6%	Total reported	103.8	75.6	+37.2%
37.2	28.2	+31.8%	Total at constant currency	103.8	75.6	+37.3%
29.0	28.0	+3.6%	Total at constant currency and excluding big event rentals	91.7	73.7	+24.5%

EVS revenue amounted to EUR 37.1 million in 3Q16, a 31.6% increase (+3.6% at constant currency and excluding big event rentals) compared to 3Q15, or +3.3% compared to 3Q14 (last even year). Sales of solutions in Outside broadcast vans represented 44.5% of the total group sales. Studio & others sales represented 33.5% of total sales, and big events represented 22.0% in 3Q16.

In 9M16, EVS revenue reached EUR 103.8 million, an increase by 37.2% (+24.5% at constant currency and excluding the big event rentals) compared to 9M15. In the first nine months of the year, Outside Broadcast vans represented 51.9%, Studio & others 36.5% and Big events rentals 11.7%.

Geographically, sales (excl. big event rentals) are distributed in 9M16 as follows:

- Europe, Middle-East and Africa (“EMEA”): EUR 37.2 million
- “Americas”: EUR 32.5 million
- Asia & Pacific (“APAC”): EUR 22.1 million

Third quarter 2016 results

Consolidated gross margin was 76.3% for 3Q16, compared to 70.0% in 3Q15 due to higher sales and the positive impact of the product mix. Operating expenses increased by 8.5% vs 3Q15, mainly due to temporary higher R&D in relation with some developments and some non-recurring costs in selling and administrative expense. This leads to a 3Q16 EBIT margin of 39.7%, compared to 25.6% in 3Q15. Group net profit amounted to EUR 10.5 million in 3Q16, compared to EUR 4.8 million in 3Q15. Basic net profit per share amounted to EUR 0.78 in 3Q16, compared to EUR 0.36 in 3Q15.

Nine months 2016 results

Consolidated gross margin was 75.2% for 9M16, compared to 69.4% in 9M15 due to higher sales and the positive impact of the product mix. Operating expenses grew by 3.2% yoy, and remain under control. The other revenues include among other a capital gain on assets held for sale booked in 1Q16. This leads to a 9M16 EBIT margin of 38.3% (37.2% excluding *other revenues*), compared to 19.3% in 9M15. Group net profit amounted to EUR 28.0 million in 9M16, compared to EUR 10.3 million in 9M15. Basic net profit per share amounted to EUR 2.07 in 9M16, compared to EUR 0.76 in 9M15.

Staff

At the end of September 2016, EVS employed 482 people (FTE), stable compared to 482 at the end of September 2015, and 485 at the end of 2015. The Chengdu office (China) was closed at the end of 2Q15, followed by some recruitments in the headquarters in Liège to offset the closing.

Balance sheet and cash flow statement

Total equity represented 63.0% of total balance sheet at the end of September 2016. Inventories amounted to EUR 15.5 million, including 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.

Lands and building mainly include the new headquarters in Liège. Depreciation on the building started in 2Q15 and is approximately EUR 2.1 million on a full year basis. Liabilities include EUR 19.6 million financial debt (including long term and short term portion of it) relating to the new building. The company already started to repay it in 2015 with installment of around EUR 5.2 million reimbursement per year.

The net cash from operating activities amounted to EUR 41.0 million in 9M16. On September 30, 2016, the group balance sheet showed EUR 50.2 million in cash and cash equivalents.

At the end of September 2016, there were 13,625,000 EVS outstanding shares, of which 119,111 were owned by the company. At the same date, 227,650 warrants were outstanding with an average strike price of EUR 41.21 and an average maturity in March 2017.

Interim dividend

Given the solid balance sheet of the company, the Board of Directors has decided to pay an interim gross dividend of EUR 0.60 per share (or EUR 0.438 net per share after deduction of 27% withholding tax). The ex-date for Coupon # 23 is November 22, 2016, and the payment date is November 24, 2016.

2016 outlook

The order book (to be invoiced in 2016) on October 31, 2016 amounts to EUR 16.2 million, which is -48.4% compared to EUR 31.4 million last year (due to the usual post big event slowdown), or -14.3% vs big event year 2014. In addition to this order book to be invoiced in 2016, EVS already has EUR 23.8 million of orders to be invoiced in 2017 and beyond.

For 2016, we expect revenue to be between EUR 128 million and EUR 134 million (incl. around EUR 12 million of rentals relating to the big sporting events). We also expect stable or slightly higher opex.

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 7162 0077 (United Kingdom), +32 (0)2 290 14 07 (Belgium), +1 646 851 2407 (United States)
Conference call ID: 960386

Corporate Calendar:

Tuesday November 22, 2016: interim dividend: ex-date
Wednesday November 23, 2016: interim dividend: record date
Thursday November 24, 2016: interim dividend: payment date
Thursday February 16, 2017: FY16 results
Thursday May 11, 2017: 1Q17 results
Tuesday May 16, 2017: Ordinary General Meeting
Thursday August 31, 2017: 2Q17 results
Thursday November 16, 2017: 3Q17 results

For more information, please contact:

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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

Condensed consolidated financial statements

ANNEX 1: CONDENSED CONSOLIDATED INCOME STATEMENT

(EUR thousands)		9M16	9M15	3Q16	3Q15
	Annex	Unaudited	Unaudited	Unaudited	Unaudited
Revenue	5.3	103,776	75,639	37,138	28,212
Cost of sales		-25,761	-23,114	-8,809	-8,460
Gross profit		78,015	52,525	28,328	19,752
Gross margin %		75.2%	69.4%	76.3%	70.0%
Selling and administrative expenses		-21,076	-19,466	-7,192	-6,575
Research and development expenses		-17,500	-17,920	-6,221	-5,785
Other revenue		1,091	217	22	-56
Other expenses		-328	-183	-134	-57
Stock based compensation and ESOP plan		-506	-558	-43	-61
Operating profit (EBIT)		39,695	14,615	14,760	7,218
Operating margin (EBIT) %		38.3%	19.3%	39.7%	25.6%
Interest revenue on loans and deposits		5	55	-1	6
Interest charges		-360	-361	-88	-127
Other net financial income / (expenses)	5.6	-499	428	9	-60
Share in the result of the enterprise accounted for using the equity method		84	95	22	32
Profit before taxes (PBT)		38,924	14,831	14,702	7,069
Income taxes	5.7	-10,951	-4,546	-4,195	-2,250
Net profit		27,972	10,285	10,507	4,820
Attributable to :					
Non controlling interest		-	-	-	-
Equity holders of the parent company		27,972	10,285	10,507	4,820
		9M16	9M15	3Q16	3Q15
EARNINGS PER SHARE (in number of shares and in EUR)		Unaudited	Unaudited	Unaudited	Unaudited
Weighted average number of subscribed shares for the period less treasury shares		13,500,447	13,489,734	13,505,889	13,495,083
Weighted average fully diluted number of shares		13,751,342	13,854,255	13,742,694	13,851,073
Basic earnings – share of the group		2.07	0.76	0.78	0.36
Fully diluted earnings – share of the group ⁽¹⁾		2.03	0.74	0.76	0.35

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(EUR thousands)		9M16	9M15	3Q16	3Q15
		Unaudited	Unaudited	Unaudited	Unaudited
Net profit		27,972	10,285	10,507	4,820
Other comprehensive income of the period					
Currency translation differences		-124	308	-29	-7
Other increase/(decrease)		-82	-182	288	47
Total comprehensive income for the period		27,767	10,411	10,766	4,860
Attributable to :					
Non controlling interest		-	-	-	-
Equity holders of the parent company		27,767	10,411	10,766	4,860

(1) Excluding 227,650 warrants that were not exercisable at the end of September 2016, fully diluted earnings per share in 9M16 would have been EUR 2.07.

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

ASSETS (EUR thousands)	Notes	September 30, 2016 Unaudited	Dec. 31, 2015 Audited
Non-current assets :			
Goodwill		1,125	1,125
Other intangible assets		420	404
Lands and buildings	5.11	47,104	48,054
Other tangible assets		3,810	3,586
Investment accounted for using equity method		958	920
Other financial assets		280	273
Total non-current assets		53,698	54,362
Current assets :			
Inventories		15,532	15,568
Trade receivables		30,248	36,254
Other amounts receivable, deferred charges and accrued income		3,556	3,620
Other financial assets		1,572	1,118
Cash and cash equivalents		50,217	22,572
Total current assets		101,126	79,131
Assets classified as held for sale	5.11	4,016	5,051
Total assets		158,840	138,544
EQUITY AND LIABILITIES (EUR thousands)			
Equity :			
Capital			
Reserves		102,350	80,699
Interim dividends	5.5	-	-6,747
Final dividend	5.5	-6,753	-
Treasury shares		-4,548	-4,960
Total consolidated reserves		91,050	68,993
Translation differences		692	816
Equity attributable to equity holders of the parent company		100,084	78,152
Non-controlling interest		6	6
Total equity	4	100,090	78,157
Long term provisions		1,390	1,132
Deferred taxes liabilities		3,138	1,678
Financial long term debts	5.11	14,400	19,600
Other long term debts		1,160	1,160
Non-current liabilities		20,089	23,570
Short term portion of financial debts	5.11	5,200	5,200
Trade payables		4,325	4,987
Amounts payable regarding remuneration and social security		9,185	9,879
Income tax payable		10,833	7,658
Other amounts payable, advances received, accrued charges and deferred income		9,118	9,094
Current liabilities		38,661	36,817
Total equity and liabilities		158,840	138,544

ANNEX 3: CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(EUR thousands)	Notes	9M16 Unaudited	9M15 Unaudited
Cash flows from operating activities			
Operating Profit (EBIT)		39,695	14,615
Adjustment for non-cash items :			
- Depreciation and write-offs on fixed assets	5.11	2,325	1,978
- Stock based compensation and ESOP	1, 4	506	558
- Provisions and deferred taxes increase (+) / decrease (-)		1,719	-165
		44,245	16,986
Increase (+) / decrease (-) of cash flows			
- Amounts receivable		6,006	-46
- Inventories		37	362
- Trade debts		-663	-1,548
- Remuneration, social security and taxes debts		2,482	-3,285
- Other items of the working capital		-164	3,958
<i>Cash generated from operations</i>		<i>51,942</i>	<i>16,426</i>
Interest received		5	55
Income taxes	5.7	-10,951	-4,546
Net cash from operating activities		40,996	11,936
Cash flows from investing activities			
Purchase (-) / disposal (+) of intangible assets		-144	-168
Purchase (-) / disposal (+) of property, plant and equipment	5.11	279	-3,968
Purchase (-) / disposal (+) of other financial assets		-8	6,506
Net cash used in investing activities		127	2,370
Cash flows from financing activities			
Operations with treasury shares	4, 5.4	412	357
Other net equity variations		-577	126
Interest paid		-360	-361
Movements on long-term borrowings	5.11	-6,200	-6,557
Final dividend paid		-6,753	-13,495
Net cash used in financing activities		-13,478	-19,930
Net increase (+) / decrease (-) in cash and cash equivalents		27,645	-5,625
Cash and cash equivalents at beginning of period		22,572	25,556
Cash and cash equivalents at end of period		50,217	19,932

ANNEX 4: CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

(EUR thousands)	Issued capital	Other reserves	Treasury shares	Currency translation differences	Equity attributable to shareholders of the parent company	Non controlling interest	Total equity
Balance as per December 31, 2014	8,342	70,165	-5,364	371	73,514	6	73,520
Total comprehensive income for the period		10,103		307	10,410		10,410
Share-based payments		558			558		558
Operations with treasury shares			357		357		357
Final dividend		-13,485			-13,485		-13,485
Balance as per September 30, 2015	8,342	67,341	-5,007	678	71,354	6	71,360

(EUR thousands)	Issued capital	Other reserves	Treasury shares	Currency translation differences	Equity attributable to shareholders of the parent company	Non-controlling interest	Total equity
Balance as per December 31, 2015	8,342	73,953	-4,960	816	78,151	6	78,157
Total comprehensive income for the period		27,891		-125	27,766		27,766
Share-based payments		506	412		918		918
Final dividend		-6,753			-6,753		-6,753
Balance as per September 30, 2016	8,342	95,597	-4,548	691	100,084	6	100,089

ANNEX 5: NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5.1: BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements of EVS Group for the 9 month-period ended September 30, 2016, are established and presented in accordance with the International Financial Reporting Standards (IFRS), as adopted for use in the European Union.

NOTE 5.2: SIGNIFICANT ACCOUNTING POLICIES AND METHODS

The accounting policies and methods adopted for the preparation of the Company's IFRS consolidated financial statements are consistent with those applied in the 2015 consolidated financial statements. The Company's IFRS accounting policies and methods are available in the 2015 annual report on www.evs.com, and in the first half financial report.

NOTE 5.3: SEGMENT REPORTING

3.1. Information on sales 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.

3Q16	3Q15	% 3Q16/ 3Q15	Revenue (EUR thousands)	9M16	9M15	% 9M16/ 9M15
16,523	13,030	+26.8%	Outside broadcast vans	53,829	42,687	+26.1%
12,437	14,964	-16.9%	Studio & others	37,855	31,011	+22.1%
8,178	218	N/A	Big sporting event rentals	12,091	1,941	N/A
37,138	28,212	+31.6%	Total Revenue	103,776	75,639	+37.2%

3.2. Information on sales 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".

3.2.1. Revenue

Revenue for the quarter (EUR thousands)	APAC excl. events	EMEA excl. events	Americas excl. events	Big event rentals	TOTAL
3Q16 revenue	6,619	15,092	7,249	8,178	37,138
Evolution versus 3Q15 (%)	+48.0%	+13.8%	-29.4%	N/A	+31.6%
Variation versus 3Q15 (%) at constant currency	+48.0%	+13.8%	-29.1%	N/A	+31.8%
3Q15 revenue	4,471	13,259	10,264	218	28,212

Revenue for 9 months (EUR thousands)	APAC excl. events	EMEA excl. events	Americas excl. events	Big event rentals	TOTAL
9M16 revenue	22,060	37,152	32,473	12,091	103,776
Evolution versus 9M15 (%)	+34.9%	+38.4%	+6.5%	N/A	+37.2%
Variation versus 9M15 (%) at constant currency	+34.9%	+38.4%	+6.7%	N/A	+37.3%
9M15 revenue	16,356	26,845	30,497	1,941	75,639

Sales realized in Belgium (the country of origin of the company) with external clients represent less than 5% of the total sales in the period. In the last 12 months, the group realized significant sales to external clients (according to the definition of IFRS 8) in one country: the US (Americas, EUR 36.6 million in the last 12 months).

3.2.2. Long term assets

Considering the explanations given in 5.3.1., all long term assets are located in the parent company EVS Broadcast Equipment SA in Belgium.

3.3. Information on systems and services

Revenue can be presented by nature: systems and services.

3Q16	3Q15	% 3Q16/ 3Q15	Revenue (EUR thousands)	9M16	9M15	% 9M16/ 9M15
34,229	25,556	+33.9%	Systems	95,674	70,336	+36.0%
2,908	2,655	+9.5%	Services	8,102	5,303	+52.8%
37,138	28,212	+31.6%	Total Revenue	103,776	75,639	+37.2%

Services include advices, installations, project management, training, maintenance, distant support that are recognized as revenue.

3.4. Information on important clients

Over the last 12 months, NEP Group represented 10.5% of the EVS total revenue. No other external client of the company represents more than 10% of the sales over the last 12 months.

NOTE 5.4: EQUITY SECURITIES

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

	2016	2015
Number of own shares at January 1	129,917	140,498
Acquisition of own shares on the market	-	-
Shares temporarily held for third parties	-	1,900
Allocation to Employees Profit Sharing Plans	-10,806	-10,581
Sales related to Employee Stock Option Plan (ESOP) and other transactions	-	-
Number of own shares at September 30	119,111	131,817
Outstanding warrants at September 30	227,650	355,800

In 9M16, the company did not repurchase any share on the stock market. In 2015, 1,900 shares had been transferred from Delta Lloyd to EVS, as a result of the termination of the 2005 EVS stock split process. These 1,900 shares were sold in 4Q15 during the final step of the dematerialization process in Belgium. In 9M16, no shares were used to satisfy the exercise of warrants by employees. The Ordinary General Meeting of shareholders of May 17, 2016 approved the allocation of 10,806 shares to EVS employees (grant of 37 shares to each staff member in proportion to their effective or assimilated time of occupation in 2015) as a reward for their contribution to the group successes. At the end of September 2016, the company owned 119,111 own shares at an average historical price of EUR 38.18. At the same date, 227,650 warrants were outstanding (no grant, no exercise and 39,150 cancellations in 9M16) with an average strike price of EUR 41.21 and an average maturity of March 2017.

NOTE 5.5: DIVIDENDS

The Ordinary General Meeting of May 17, 2016 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 2015, leading to a final gross dividend of EUR 0.50 per share, for digital coupon # 22, ex-date May 24 and pay date May 26.

The Board of Directors of November 8, 2016 has decided to pay an interim gross dividend of EUR 0.60 per share (EUR 0.438 per share after 27% withholding tax) for the fiscal year 2016 with November 22 as ex-date, November 23 as record date and November 24 as payment date.

(EUR thousands)	# Coupon	2016	2015
- Final dividend for 2014 (EUR 1.00 per share less treasury shares)	20	-	13,495
- Interim dividend for 2015 (EUR 0.50 per share less treasury shares)	21	-	6,747
- Final dividend for 2015 (EUR 0.50 per share less treasury shares)	22	6,753	-
- Interim dividend for 2016 (EUR 0.60 per share less treasury shares)	23	8,104	-
Total paid dividends		14,857	20,242

NOTE 5.6: OTHER NET FINANCIAL INCOME / (EXPENSES)

(EUR thousands)	9M16	9M15
Exchange results from statutory accounts	-383	-903
Exchange results relating to IFRS consolidation methodology	-215	1,300
Other financial results	99	31
Other net financial income / (expenses)	-499	428

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 annex 5.9.

NOTE 5.7: INCOME TAX

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)	9M16	9M15
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	38,840	14,736
Reported tax charge based on the effective tax rate	-10,951	-4,546
Effective tax rate	28.2%	30.8%
Reconciliation items for the theoretical tax charge		
Tax effect of deduction for notional interests	-119	-132
Tax effect of non-deductible expenditures	229	243
Tax effect due to the carry-over taxation for gains on building disposals	-306	-
Tax effect on R&D investment deductions	-873	-
Other increase / (decrease)	446	-163
Total tax charge of the group entities computed on the basis of the respective local nominal rates	-11,574	-4,598
Theoretical tax rate	29.8%	31.2%

NOTE 5.8: HEADCOUNT

(in full time equivalents)	At September 30	Nine-months average
2016	482	482
2015	482	499
<i>Variation</i>	-	-3.4%

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 9M	Average 3Q	At September 30
2016	1.1162	1.1166	1.1161
2015	1.1144	1.1117	1.1203
Variation	-0.2%	-0.4%	+0.4%

For 3Q16, the average US dollar exchange rate against the Euro decreased by 0.4%. It had a negative impact on 3Q16 revenue of EUR 0.1 million, or 0.2%.

NOTE 5.10: FINANCIAL INSTRUMENTS

The estimated fair values of the financial assets and liabilities are equal to their fair book value 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 sales forecasts, EVS hedges future USD net in-flows by forward foreign exchange contracts. The relevant hedging results are booked as financial results.

On September 30, 2016, the group held USD 6.0 million in forward exchange contracts, with an average maturity date of February 2017, and an average exchange rate of EUR/USD of 1.1130.

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. In 2015, EUR 5.2 million have been reimbursed. In 9M2016, another EUR 5.2 million have been reimbursed.

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).

In the most recent financial statements (December 31, 2015) and in the interim reporting as at September 30, 2016, the existing pension plans have been treated as "defined contribution" plans. However, in accordance with IAS 19R "Employee Benefits", a consensus emerged for the accounting treatment of "Belgian plans" and these plans must now be treated as "defined benefit" plans. EVS currently determines the actuarial assumptions (including staff turnover or salary increases) to consider in the implementation of the "Projected Unit Credit Method" (for the 2016 financial statements), pursuant to IAS 19R "Employee Benefits".

NOTE 5.13 SUBSEQUENT EVENTS

EVS is currently taking advantage of the low interest rates and is renegotiating some of its existing credit lines (relating to the new building). This should result in somewhat lower financial expenses. The total amount and the maturity should remain the same. There was no other subsequent event 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 2016 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").

Certification of responsible persons

Muriel De Lathouwer, 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 first nine months of 2016, 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.