

Attention Business/Financial Editors:

Evertz Technologies reports \$103 Million revenue for the quarter ended July 31, 2019.

Burlington, September 5, 2019, Evertz Technologies Limited (TSX:ET), the leader in Software Defined Video Network (“SDVN”) technology, today reported its results for the first quarter ended July 31, 2019.

First Quarter 2020 Highlights

- Quarterly revenue of \$103.4 million including \$74.0 million in US/Canada region
- International revenue up 5% to \$29.4 million from the prior year
- Net earnings of \$13.2 million for the quarter, inclusive of a foreign exchange loss of \$1.8 million
- Fully diluted earnings per share of \$0.17 for the quarter
- Special dividend declared of \$0.90 per share

Selected Financial Information

Consolidated Statement of Earnings Data

(in thousands of dollars, except earnings per share and share data)

	<u>Q1 ' 20</u>	<u>Q1 ' 19</u>
Revenue	\$ 103,411	\$ 103,089
Gross margin	59,152	58,778
Earnings from operations before foreign exchange	19,506	22,217
Earnings from operations	17,729	23,289
Net earnings	13,207	17,361
Fully-diluted earnings per share	\$ 0.17	\$ 0.23
Fully-diluted shares	76,673,167	76,514,508

Selected Financial Information

Consolidated Balance Sheet Data

(in thousands of dollars)

	<u>Q1 ' 20</u>	<u>YE '19</u>
Cash and marketable securities	\$ 100,368	\$ 108,606
Working capital	280,108	282,519
Total assets	490,977	466,597
Shareholders' equity	350,439	353,123

Revenue

For the quarter ended July 31, 2019, revenues were \$103.4 million, compared to revenues of \$103.1 million for the quarter ended July 31, 2018. For the quarter, revenues in the United States/Canada region were \$74.0 million compared to \$75.2 million in the same quarter last year. The International region had revenues of \$29.4 million an increase of 5% compared to \$27.9 million in the same quarter last year.

Gross Margin

For the quarter ended July 31, 2019, gross margin was \$59.2 million as compared to \$58.8 million in the same quarter last year. Gross margin percentage was approximately 57.2% as compared to 57.0% in the quarter ended July 31, 2018.

Earnings

For the quarter ended July 31, 2019, net earnings were \$13.2 million as compared to \$17.4 million in the corresponding period last year.

For the quarter ended July 31, 2019, earnings per share on a fully-diluted basis were \$0.17 as compared to \$0.23 in the corresponding period last year.

Operating Expenses

For the quarter ended July 31, 2019, selling and administrative expenses were \$16.3 million as compared to \$15.9 million for the quarter ended July 31, 2018.

For the quarter ended July 31, 2019, gross research and development expenses were \$22.7 million as compared to \$21.3 million for the quarter ended July 31, 2018.

Liquidity and Capital Resources

The Company's working capital as at July 31, 2019 was \$280.1 million as compared to \$282.5 million on April 30, 2019.

Cash and marketable securities were \$100.4 million as at July 31, 2019 as compared to \$108.6 million on April 30, 2019.

Cash generated from operations was \$7.9 million for the quarter ended July 31, 2019 as compared to \$24.2 million for the quarter ended July 31, 2018. Before taking into account taxes and the changes in non-cash working capital and current taxes, the Company generated \$18.5 million from operations for the quarter ended July 31, 2019 compared to \$20.3 million for the same period last year.

For the quarter, the Company used \$1.6 million from investing activities.

For the quarter ended, the Company used cash in financing activities of \$14.3 million which was principally a result of the payment of dividends of \$13.8 million.

Shipments and Backlog

At the end of August 2019, purchase order backlog was in excess of \$103 million and shipments during the month of August 2019 were \$50 million.

Dividend Declared

Evertz Board of Directors declared a regular quarterly dividend on September 5, 2019 of \$0.18 per share.

The dividend is payable to shareholders of record on September 13, 2019 and will be paid on or about September 20, 2019.

Special Dividend

Evertz Board of Directors declared a special dividend on September 5, 2019 of \$0.90 per share, payable to shareholders of record on September 13, 2019 and will be paid on or about September 20, 2019.

The special dividend reflects both the strong long-term operating performance of the Company and its solid balance sheet, thereby enabling a distribution of cash over and above what is considered necessary to meet known commitments and maintain adequate reserves.

Selected Consolidated Financial Information

(in thousands of dollars, except earnings per share and percentages)

	Three months ended July 31, 2019	Three months ended July 31, 2018
Revenue	\$ 103,411	\$ 103,089
Cost of goods sold	44,259	44,311
Gross margin	\$ 59,152	\$ 58,778
Expenses		
Selling and administrative	16,330	15,905
General	894	738
Research and development	22,694	21,320
Investment tax credits	(2,003)	(2,003)
Share based compensation	1,731	601
Foreign exchange loss (gain)	1,777	(1,072)
	41,423	35,489
Earnings before undemoted	\$ 17,729	\$ 23,289
Finance income	451	359
Finance costs	(463)	(426)
Other income and expenses	41	135
Earnings before income taxes	\$ 17,758	\$ 23,357
Provision for (recovery of) income taxes		
Current	3,567	5,618
Deferred	984	378
	\$ 4,551	\$ 5,996
Net earnings for the period	\$ 13,207	\$ 17,361
Net earnings attributable to non-controlling interest	130	88
Net earnings attributable to shareholders	13,077	17,273
Net earnings for the period	\$ 13,207	\$ 17,361
Earnings per share:		
Basic	\$ 0.17	\$ 0.23
Diluted	\$ 0.17	\$ 0.23
Consolidated Balance Sheet Data	As at July 31, 2019	As at April 30, 2019
Cash and marketable securities	\$ 100,368	\$ 108,606
Inventory	\$ 175,705	\$ 171,271
Working capital	\$ 280,108	\$ 282,521
Total assets	\$ 490,977	\$ 466,597
Shareholders' equity	\$ 350,439	\$ 353,123
Number of common shares outstanding:		
Basic	76,605,246	76,545,246
Fully-diluted	77,968,246	77,958,746
Weighted average number of shares outstanding:		
Basic	76,558,898	76,510,417
Fully-diluted	76,673,167	76,529,799

Forward-Looking Statements

The report contains forward-looking statements reflecting Evertz's objectives, estimates and expectations. Such forward looking statements use words such as "may", "will", "expect", "believe", "anticipate", "plan", "intend", "project", "continue" and other similar terminology of a forward-looking nature or negatives of those terms.

Although management of the Company believes that the expectations reflected in such forward-looking statements are reasonable, all forward-looking statements address matters that involve known and unknown risks, uncertainties and other factors. Accordingly, there are or will be a number of significant factors which could cause the Company's actual results, performance or achievements, or industry results to be materially different from any future results performance or achievements expressed or implied by such forward-looking statements.

Conference Call

The Company will hold a conference call with financial analysts to discuss the results on September 5, 2019 at 5:00 p.m. (EDT). Media and other interested parties are invited to join the conference call in listen-only mode. The conference call may be accessed by dialing 647-793-2625 or toll-free (North America) 1-888-297-0356, access code 1610890.

For those unable to listen to the live call, a rebroadcast will also be available until October 5, 2019. The rebroadcast can be accessed at 647-436-0148 or toll-free 1-888-203-1112. The pass code for the rebroadcast is 1610890.

About Evertz

Evertz Technologies Limited (TSX: ET) designs, manufactures and markets video and audio infrastructure solutions for the television, telecommunications and new-media industries. The Company's solutions are purchased by content creators, broadcasters, specialty channels and television service providers to support their increasingly complex multi-channel digital, and high and ultra-high definition television ("HDTV" and "UHD") and next generation high bandwidth low latency IP network environments and by telecommunications and new-media companies. The Company's products allow its customers to generate additional revenue while reducing costs through efficient signal routing, distribution, monitoring and management of content as well as the automation and orchestration of more streamlined and agile workflow processes on premise and in the "Cloud".