

Attention Business/Financial Editors:

Evertz Technologies reports \$120 Million revenue for the quarter ended October 31, 2019.

Burlington, December 12, 2019, Evertz Technologies Limited (TSX:ET), the leader in Software Defined Video Network (“SDVN”) technology, today reported its results for the second quarter ended October 31, 2019.

Second Quarter 2020 Highlights

- Quarterly revenue of \$119.8 million , an increase of \$7.5 million or 7% from the prior year
- Quarterly revenue in the US/Canada region of \$88.6 million, an increase of 14% from the prior year
- Net earnings of \$20.5 million for the quarter, inclusive of a foreign exchange loss of \$1.1 million
- Fully diluted earnings per share of \$0.27 for the quarter
- Cash position as at November 30, 2019 of \$29 million

Selected Financial Information

Consolidated Statement of Earnings Data

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

	<u>Q2 ' 20</u>	<u>Q2 ' 19</u>
Revenue	\$ 119,788	\$ 112,280
Gross margin	69,322	64,158
Earnings from operations before foreign exchange	28,353	26,550
Earnings from operations	27,223	27,388
Net earnings	20,526	20,581
Fully-diluted earnings per share	\$ 0.27	\$ 0.27
Fully-diluted shares	76,783,365	76,516,761

Selected Financial Information

Consolidated Balance Sheet Data

(in thousands of dollars)

	<u>Q2 ' 20</u>	<u>YE '19</u>
Cash and cash equivalents	\$ 5,449	\$ 104,583
Working capital	222,038	282,521
Total assets	427,701	466,597
Shareholders' equity	293,593	353,123

Revenue

For the quarter ended October 31, 2019, revenues were \$119.8 million, an increase of \$7.5 million compared to revenues of \$112.3 million for the quarter ended October 31, 2018. For the quarter, revenues in the United States/Canada region were \$88.6 million, an increase of \$11.1 million compared to \$77.5 million in the same quarter last year. The International region had revenues of \$31.2 million compared to \$34.8 million in the same quarter last year.

Gross Margin

For the quarter ended October 31, 2019, gross margin was \$69.3 million as compared to \$64.2 million in the same quarter last year. Gross margin percentage was approximately 57.9% as compared to 57.1% in the quarter ended October 31, 2018.

Earnings

For the quarter ended October 31, 2019, net earnings were \$20.5 million as compared to \$20.6 million in the corresponding period last year.

For the quarter ended October 31, 2019, earnings per share on a fully-diluted basis were \$0.27 as compared to \$0.27 in the corresponding period last year.

Operating Expenses

For the quarter ended October 31, 2019, selling and administrative expenses were \$18.0 million as compared to \$16.4 million for the quarter ended October 31, 2018.

For the quarter ended October 31, 2019, gross research and development expenses were \$22.9 million as compared to \$21.1 million for the quarter ended October 31, 2018.

Liquidity and Capital Resources

The Company's working capital as at October 31, 2019 was \$222.0 million as compared to \$282.5 million on April 30, 2019.

Cash and cash equivalents were \$5.4 million as at October 31, 2019 as compared to \$104.6 million on April 30, 2019.

Cash used in operations was \$12.9 million for the quarter ended October 31, 2019 as compared to \$7.6 million for the quarter ended October 31, 2018. Before taking into account taxes and the changes in non-cash working capital and current taxes, the Company generated \$23.9 million from operations for the quarter ended October 31, 2019 compared to \$22.7 million for the same period last year.

For the quarter, the Company generated \$1.8 million from investing activities.

For the quarter ended, the Company used cash in financing activities of \$81.9 million which was principally a result of the payment of dividends of \$83.4 million.

Shipments and Backlog

At the end of November 2019, purchase order backlog was in excess of \$97 million and shipments during the month of November 2019 were \$39 million.

Dividend Declared

Evertz Board of Directors declared a regular quarterly dividend on December 12, 2019 of \$0.18 per share.

The dividend is payable to shareholders of record on December 20, 2019 and will be paid on or about December 27, 2019.

Selected Consolidated Financial Information

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

	Three month period ended		Six month period ended	
	October 31,		October 31,	
	2019	2018	2019	2018
Revenue	\$ 119,788	\$ 112,280	\$ 223,199	\$ 215,369
Cost of goods sold	50,466	48,122	94,725	92,433
Gross margin	69,322	64,158	128,474	122,936
Expenses				
Selling and administrative	18,004	16,389	34,334	32,294
General	864	763	1,758	1,501
Research and development	22,938	21,083	45,632	42,403
Investment tax credits	(1,978)	(1,933)	(3,981)	(3,936)
Share based compensation	1,141	1,306	2,872	1,907
Foreign exchange loss (gain)	1,130	(838)	2,907	(1,910)
	42,099	36,770	83,522	72,259
Earnings before undemoted	27,223	27,388	44,952	50,677
Finance income	361	310	812	669
Finance costs	(78)	(83)	(541)	(509)
Other income and expenses	(223)	5	(182)	140
Earnings before income taxes	27,283	27,620	45,041	50,977
Provision for (recovery of) income taxes				
Current	7,707	7,876	11,274	13,494
Deferred	(950)	(837)	34	(459)
	6,757	7,039	11,308	13,035
Net earnings for the period	\$ 20,526	\$ 20,581	\$ 33,733	\$ 37,942
Net earnings attributable to non-controlling interest	154	235	284	323
Net earnings attributable to shareholders	20,372	20,346	33,449	37,619
Net earnings for the period	\$ 20,526	\$ 20,581	\$ 33,733	\$ 37,942
Earnings per share				
Basic	\$ 0.27	\$ 0.27	\$ 0.44	\$ 0.49
Diluted	\$ 0.27	\$ 0.27	\$ 0.44	\$ 0.49
Consolidated Balance Sheet Data			As at	As at
			October 31, 2019	April 30, 2019
Cash and marketable securities	\$	5,449	\$	108,606
Inventory	\$	172,969	\$	171,271
Working capital	\$	222,038	\$	282,521
Total assets	\$	427,701	\$	466,597
Shareholders' equity	\$	293,593	\$	353,123
Number of common shares outstanding:				
Basic		76,801,646		76,545,246
Fully-diluted		77,894,646		77,958,746
Weighted average number of shares outstanding:				
Basic		76,642,814		76,510,417
Fully-diluted		76,721,893		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 December 12, 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 2976163.

For those unable to listen to the live call, a rebroadcast will also be available until January 11, 2020. The rebroadcast can be accessed at 647-436-0148 or toll-free 1-888-203-1112. The pass code for the rebroadcast is 2976163.

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".