

Attention Business/Financial Editors:

Evertz Technologies reports Record Revenue of \$403 million for Fiscal 2018.

Burlington, June 19, 2018, Evertz Technologies Limited (TSX:ET), the leader in Software Defined Video Network (“SDVN”) technology, today reported its results for the fourth quarter and year ended April 30, 2018.

Fiscal 2018 Highlights

- Revenue of \$402.8 million, up 5% from the prior year
- US/Canada revenue up 10% to \$252.8 million for the year
- Net earnings of \$53.5 million for the year, inclusive of a foreign exchange (“FX”) loss of \$4.7 million
- Fully diluted earnings per share of \$0.70 for the year

Fourth Quarter 2018 Highlights

- Fourth quarter revenue of \$93.0 million
- Net earnings of \$8.3 million for the quarter
- Fully diluted earnings per share of \$0.11 for the quarter

Selected Financial Information

Consolidated Statement of Earnings Data

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

	<u>Q4'18</u>	<u>Q4'17</u>	<u>YE'18</u>	<u>YE'17</u>
Revenue	\$ 92,988	\$ 106,734	\$ 402,832	\$ 384,432
Gross margin	49,009	60,044	222,901	218,144
Earnings from operations	11,603	27,513	70,684	92,608
Net earnings	8,269	20,685	53,546	69,773
Fully-diluted earnings per share	\$ 0.11	\$ 0.27	\$ 0.70	\$ 0.92
Fully-diluted shares	76,517,551	75,825,621	76,347,750	75,374,204

Selected Financial Information

Consolidated Balance Sheet Data

(in thousands of dollars)

	<u>YE '18</u>	<u>YE '17</u>
Cash and cash equivalents	\$ 94,184	\$ 54,274
Working capital	264,514	264,586
Total assets	421,115	410,568
Shareholders' equity	329,227	317,830

Revenue

For the quarter ended April 30, 2018, revenues were \$93.0 million, compared to revenues of \$106.7 million for the quarter ended April 30, 2017. For the quarter, revenues in the United States/Canada region were \$52.1 million, compared to \$57.9 million in the same quarter last year. The International region had revenues of \$40.9 million, compared to \$48.9 million in the same quarter last year.

For the year ended April 30, 2018, sales were \$402.8 million, an increase of \$18.4 million or 5% as compared to sales of \$384.4 million for the prior year. For the year, revenues in the United States/Canada region were \$252.8 million as compared to \$229.1 million in the prior year. The International region had revenues of \$150.1 million compared to \$155.4 million in the prior year.

Gross Margin

For the quarter ended April 30, 2018, gross margin was \$49.0 million as compared to \$60.0 million in the same quarter last year. Gross margin percentage was approximately 52.7% as compared to 56.3% in the quarter ended April 30, 2017.

For the year ended April 30, 2018, gross margin was \$222.9 million as compared to \$218.1 million for the year ended April 30, 2017. Gross margin percentage was approximately 55.3% for the year ended April 30, 2017 as compared to 56.7% for the prior year.

Earnings

For the quarter ended April 30, 2018, net earnings were \$8.3 million as compared to \$20.7 million in the corresponding period last year.

For the year ended April 30, 2018, net earnings were \$53.5 million as compared to \$69.8 million in the corresponding period last year.

For the quarter ended April 30, 2018, earnings per share on a fully-diluted basis were \$0.11 as compared to \$0.27 in the corresponding period last year.

For the year ended April 30, 2018, earnings per share on a fully-diluted basis were \$0.70 as compared to \$0.92 in the same period in 2017.

Operating Expenses

For the quarter ended April 30, 2018, selling and administrative expenses were \$17.8 million as compared to \$16.4 million for the quarter ended April 30, 2017.

For the year ended April 30, 2018, selling and administrative expenses were \$65.5 million as compared to \$62.1 million for the year ended April 30, 2017.

For the quarter ended April 30, 2018, gross research and development expenses were \$21.0 million as compared to \$19.9 million for the quarter ended April 30, 2017.

For the year ended April 30, 2018, gross research and development expenses were \$80.8 million as compared to \$73.7 million for the year ended April 30, 2017.

Liquidity and Capital Resources

The Company's working capital as at April 30, 2018 was \$264.5 million as compared to \$264.6 million on April 30, 2017.

Cash and cash equivalents were \$94.2 million as at April 30, 2018 as compared to \$54.3 million on April 30, 2017.

Cash generated from operations was \$18.3 million for the quarter ended April 30, 2018 as compared to \$6.0 million for the quarter ended April 30, 2017. Before taking into account taxes and the changes in non-cash working capital and current taxes, the Company generated \$9.1 million from operations for the quarter ended April 30, 2018 compared to \$23.8 million for the same period last year.

Cash provided by operations was \$98.4 million for the 2018 fiscal year as compared to cash provided by operations of \$64.5 million for the 2017 fiscal year. Before taking into account taxes and the changes in non-cash working capital, the Company generated \$57.6 million from operations for fiscal 2018 as compared to \$81.1 million for fiscal 2017.

For the quarter, the Company used \$8.7 million from investing activities which was principally driven by the purchase of equipment of \$9.0 million for manufacturing and research and development.

For the year, the Company used \$13.3 million in investing activities, largely a result of \$18.2 million in purchases of property, plant and equipment, partially offset by proceeds from disposals of equipment of \$6.5 million.

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

For the year ended April 30, 2018, the Company used cash in financing activities of \$44.5 million which was principally a result of the payment of dividends of \$55.4 million, partially offset by the issuance of Capital Stock pursuant to the Company's Stock Option Plan of \$11.1 million.

Shipments and Backlog

At the end of May 2018, purchase order backlog was in excess of \$85 million and shipments during the month of May 2018 were \$32 million.

Dividend Declared

Evertz Board of Directors declared a regular quarterly dividend on June 19, 2018 of \$0.18 per share.

The dividend is payable to shareholders of record on June 29, 2018 and will be paid on or about July 6, 2018.

Selected Consolidated Financial Information

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

	Three month period ended		Twelve month period ended	
	April 30,		April 30,	
	2018	2017	2018	2017
Revenue	\$ 92,988	\$ 106,734	\$ 402,832	\$ 384,432
Cost of goods sold	43,979	46,690	179,931	166,288
Gross margin	49,009	60,044	222,901	218,144
Expenses				
Selling and administrative	17,832	16,431	65,531	62,135
General	1,980	2,417	7,898	8,951
Research and development	21,017	19,942	80,804	73,699
Investment tax credits	1,038	(2,149)	(6,743)	(9,362)
Foreign exchange (gain) loss	(4,461)	(4,110)	4,727	(9,887)
	37,406	32,531	152,217	125,536
Earnings before undemoted	11,603	27,513	70,684	92,608
Finance income	272	(117)	781	1,321
Finance costs	(96)	(46)	(455)	(242)
Other income and expenses	(87)	47	1,956	(141)
Earnings before income taxes	11,692	27,397	72,966	93,546
Provision for (recovery of) income taxes				
Current	5,151	6,969	24,076	25,160
Deferred	(1,728)	(257)	(4,656)	(1,387)
	3,423	6,712	19,420	23,773
Net earnings for the period	\$ 8,269	\$ 20,685	\$ 53,546	\$ 69,773
Net earnings attributable to non-controlling interest	79	138	460	613
Net earnings attributable to shareholders	8,190	20,547	53,086	69,160
Net earnings for the period	\$ 8,269	\$ 20,685	\$ 53,546	\$ 69,773
Earnings per share				
Basic	\$ 0.11	\$ 0.27	\$ 0.70	\$ 0.92
Diluted	\$ 0.11	\$ 0.27	\$ 0.70	\$ 0.92

	April 30, 2018	April 30, 2017	April 30, 2016
Assets			
Current assets			
Cash and cash equivalents	\$ 94,184	\$ 54,274	\$ 123,102
Trade and other receivables	86,071	111,664	97,435
Prepaid expenses	5,506	4,075	6,307
Inventories	168,070	178,208	155,957
Income tax receivable	-	-	4,256
	353,831	348,221	387,057
Property, Plant and Equipment			
Property, Plant and Equipment	47,915	44,152	42,971
Goodwill	18,168	18,195	18,286
Deferred income taxes	1,201	-	-
	\$ 421,115	\$ 410,568	\$ 448,314
Liabilities			
Current liabilities			
Trade and other payables	\$ 56,377	\$ 50,321	\$ 49,815
Provisions	3,981	3,817	3,563
Deferred revenue	28,502	28,272	18,529
Current portion of long term debt	383	280	238
Income tax payable	74	945	-
	89,317	83,635	72,145
Long term debt	515	733	888
Deferred taxes	-	4,427	5,545
	89,832	88,795	78,578
Equity			
Capital stock	138,675	124,695	100,483
Share based payment reserve	7,885	10,091	13,835
Accumulated other comprehensive income	2,149	747	1,567
Retained earnings	180,518	182,297	250,320
	182,667	183,044	251,887
Total equity attributable to shareholders	329,227	317,830	366,205
Non-controlling interest	2,056	3,943	3,531
	331,283	321,773	369,736
	\$ 421,115	\$ 410,568	\$ 448,314

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 June 19, 2018 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 5737026.

For those unable to listen to the live call, a rebroadcast will also be available until July 19, 2018. The rebroadcast can be accessed at 647-436-0148 or toll-free 1-888-203-1112. The pass code for the rebroadcast is 5737026.

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".