

Attention Business/Financial Editors:

Evertz Technologies reports a record \$112 Million revenue for the Second Quarter ended October 31, 2018.

Burlington, December 5, 2018, 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, 2018.

Second Quarter 2019 Highlights

- Record quarterly revenue of \$112.3 million, up 11% from the prior year
- US/Canada revenue up 18% to \$75.5 million from the prior year
- Net earnings of \$20.6 million for the quarter, up 18% from the prior year
- Fully diluted earnings per share of \$0.27 for the quarter, up 17% from the prior year

Selected Financial Information

Consolidated Statement of Earnings Data

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

	<u>Q2 '19</u>	<u>Q2 '18</u>
Revenue	\$ 112,280	\$ 101,261
Gross margin	64,158	56,752
Earnings from operations	27,388	23,874
Net earnings	20,581	17,429
Fully-diluted earnings per share	\$ 0.27	\$ 0.23
Fully-diluted shares	76,516,761	76,313,441

Selected Financial Information

Consolidated Balance Sheet Data

(in thousands of dollars)

	<u>Q2 '19</u>	<u>YE '18</u>
Cash and marketable securities	\$ 78,949	\$ 94,184
Working capital	274,457	264,514
Total assets	431,999	421,115
Shareholders' equity	338,784	329,227

Revenue

For the quarter ended October 31, 2018, revenues were \$112.3 million, compared to revenues of \$101.3 million for the quarter ended October 31, 2017. For the quarter, revenues in the United States/Canada region were \$77.5 million an increase of 18%, compared to \$66.0 million in the same quarter last year. The International region had revenues of \$34.8 million, compared to \$35.3 million in the same quarter last year.

Gross Margin

For the quarter ended October 31, 2018, gross margin was \$64.2 million as compared to \$56.8 million in the same quarter last year. Gross margin percentage was approximately 57.1% as compared to 56.0% in the quarter ended October 31, 2017.

Earnings

For the quarter ended October 31, 2018, net earnings were \$20.6 million as compared to \$17.4 million in the corresponding period last year.

For the quarter ended October 31, 2018, earnings per share on a fully-diluted basis were \$0.27 as compared to \$0.23 in the corresponding period last year.

Operating Expenses

For the quarter ended October 31, 2018, selling and administrative expenses were \$16.4 million as compared to \$16.0 million for the quarter ended October 31, 2017.

For the quarter ended October 31, 2018, gross research and development expenses were \$21.1 million as compared to \$20.2 million for the quarter ended October 31, 2017.

Liquidity and Capital Resources

The Company's working capital as at October 31, 2018 was \$274.5 million as compared to \$264.5 million on April 30, 2018.

Cash and marketable securities were \$78.9 million as at October 31, 2018 as compared to \$94.2 million on April 30, 2018.

Cash used from operations was \$7.6 million for the quarter ended October 31, 2018 as compared to \$2.8 million for the quarter ended October 31, 2017. Before taking into account taxes and the changes in non-cash working capital and current taxes, the Company generated \$22.7 million from operations for the quarter ended October 31, 2018 compared to \$20.1 million for the same period last year.

For the quarter, the Company used \$5.9 million from investing activities which was principally driven by the purchase of marketable securities of \$2.9 million and capital equipment of \$3.1 million.

For the quarter ended, the Company used cash in financing activities of \$14.0 million which was principally a result of the payment of dividends of \$14.1 million.

Acquisition

On November 1, 2018, the Company acquired Quintech Electronics and Communications, Inc. (“Quintech”), a privately held company headquartered in Indiana, Pennsylvania, USA, with world class RF solutions and products deployed in over 120 countries. The acquisition was completed for cash consideration of \$6.6 million at closing with a working capital adjustment to be completed in the third quarter.

Shipments and Backlog

At the end of November 2018, purchase order backlog was in excess of \$103 million and shipments during the month of November 2018 were \$38 million.

Dividend Declared

Evertz Board of Directors declared a regular quarterly dividend on December 5, 2018 of \$0.18 per share.

The dividend is payable to shareholders of record on December 14, 2018 and will be paid on or about December 21, 2018.

Selected Consolidated Financial Information

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

	Three month period ended October 31,		Six month period ended October 31,	
	2018	2017	2018	2017
Revenue	\$ 112,280	\$ 101,261	\$ 215,369	\$ 210,270
Cost of goods sold	48,122	44,509	92,433	92,357
Gross margin	64,158	56,752	122,936	117,913
Expenses				
Selling and administrative	16,389	16,026	32,294	31,853
General	2,069	2,370	3,408	4,467
Research and development	21,083	20,214	42,403	39,486
Investment tax credits	(1,933)	(2,850)	(3,936)	(5,301)
Foreign exchange (gain) loss	(838)	(2,882)	(1,910)	5,362
	36,770	32,878	72,259	75,867
Earnings before undernoted	27,388	23,874	50,677	42,046
Finance income	310	174	669	275
Finance costs	(83)	(157)	(509)	(205)
Other income and expenses	5	(75)	140	(46)
Earnings before income taxes	27,620	23,816	50,977	42,070
Provision for (recovery of) income taxes				
Current	7,876	6,515	13,494	12,370
Deferred	(837)	(128)	(459)	(921)
	7,039	6,387	13,035	11,449
Net earnings for the period	\$ 20,581	\$ 17,429	\$ 37,942	\$ 30,621
Net earnings attributable to non-controlling interest	235	143	323	257
Net earnings attributable to shareholders	20,346	17,286	37,619	30,364
Net earnings for the period	\$ 20,581	\$ 17,429	\$ 37,942	\$ 30,621
Earnings per share				
Basic	\$ 0.27	\$ 0.23	\$ 0.49	\$ 0.40
Diluted	\$ 0.27	\$ 0.23	\$ 0.49	\$ 0.40
Consolidated Balance Sheet Data			As at	As at
			October 31, 2018	April 30, 2018
Cash and cash equivalents	\$	65,189	\$	94,184
Inventory	\$	171,430	\$	168,070
Working capital	\$	274,457	\$	264,514
Total assets	\$	431,999	\$	421,115
Shareholders' equity	\$	338,784	\$	329,227
Number of common shares outstanding:				
Basic		76,519,746		76,481,746
Fully-diluted		79,036,246		78,722,746
Weighted average number of shares outstanding:				
Basic		76,497,637		76,211,007
Fully-diluted		76,516,761		76,347,750

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 5, 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 2223034.

For those unable to listen to the live call, a rebroadcast will also be available until January 4, 2019. The rebroadcast can be accessed at 647-436-0148 or toll-free 1-888-203-1112. The pass code for the rebroadcast is 2223034.

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".