

Attention Business/Financial Editors:

Evertz Technologies reports record \$444 Million revenue for the Year ended April 30, 2019.

Burlington, June 20, 2019, 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, 2019.

Fiscal 2019 Highlights

- Revenue of \$443.6 million, up 10% from the prior year
- US/Canada revenue up 18% to \$297.8 million for the year
- Net earnings of \$78.5 million for the year, up 47% from the prior year
- Fully diluted earnings per share of \$1.02 for the year, up 46% from the prior year

Fourth Quarter 2019 Highlights

- Quarterly revenue of \$107.2 million, up 15% from the prior year
- US/Canada revenue up 22% to \$63.6 million from the prior year
- International revenue up 7% to \$43.7 million from the prior year
- Net earnings of \$18.6 million for the quarter, up 125% from the prior year
- Fully diluted earnings per share of \$0.24 for the quarter, up 118% from the prior year

Selected Financial Information

Consolidated Statement of Earnings Data

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

	<u>Q4'19</u>	<u>Q4'18</u>	<u>YE'19</u>	<u>YE'18</u>
Revenue	\$ 107,245	\$ 92,988	\$ 443,556	\$ 402,832
Gross margin	62,725	49,009	253,358	222,901
Earnings from operations	24,520	11,603	103,365	70,684
Net earnings	18,627	8,269	78,504	53,546
Fully-diluted earnings per share	\$ 0.24	\$ 0.11	\$ 1.02	\$ 0.70
Fully-diluted shares	76,565,850	76,517,551	76,529,799	76,347,750

Selected Financial Information
Consolidated Balance Sheet Data
(in thousands of dollars)

	<u>YE '19</u>	<u>YE '18</u>
Cash and marketable securities	\$ 108,606	\$ 94,184
Working capital	282,519	264,514
Total assets	466,597	421,115
Shareholders' equity	353,123	329,227

Revenue

For the quarter ended April 30, 2019, revenues were \$107.2 million, compared to revenues of \$93.0 million for the quarter ended April 30, 2018. For the quarter, revenues in the United States/Canada region were \$63.6 million an increase of 22% compared to \$52.1 million in the same quarter last year. The International region had revenues of \$43.7 million and increase of 7% compared to \$40.9 million in the same quarter last year.

For the year ended April 30, 2019, sales were \$443.6 million, compared to sales of \$402.8 million for the year ended April 30, 2018. For the year, revenues in the United States/Canada region were \$297.8 million an increase of 18% compared to \$252.8 million in the prior year. The International region had revenues of \$145.8 million, compared to \$150.1 million in the prior year.

Gross Margin

For the quarter ended April 30, 2019, gross margin was \$62.7 million as compared to \$49.0 million in the same quarter last year. Gross margin percentage was approximately 58.5% as compared to 52.7% in the quarter ended April 30, 2018.

For the year ended April 30, 2019, gross margin was \$253.4 million as compared to \$222.9 million for the year ended April 30, 2018. Gross margin percentage was approximately 57.1% as compared to 55.3% for the prior year.

Earnings

For the quarter ended April 30, 2019, net earnings were \$18.6 million as compared to \$8.3 million in the corresponding period last year.

For the year ended April 30, 2019, net earnings were \$78.5 million as compared to \$53.5 million in the corresponding period last year.

For the quarter ended April 30, 2019, earnings per share on a fully-diluted basis were \$0.24 as compared to \$0.11 in the corresponding period last year.

For the year ended April 30, 2019, earnings per share on a fully-diluted basis were \$1.02 as compared to \$0.70 in the same period in 2018.

Operating Expenses

For the quarter ended April 30, 2019, selling and administrative expenses were \$18.0 million as compared to \$17.8 million for the quarter ended April 30, 2018.

For the year ended April 30, 2019, selling and administrative expenses were \$67.8 million as compared to \$65.5 million for the year ended April 30, 2018.

For the quarter ended April 30, 2019, gross research and development expenses were \$21.8 million as compared to \$21.0 million for the quarter ended April 30, 2018.

For the year ended April 30, 2019, gross research and development expenses were \$85.8 million as compared to \$80.8 million for the year ended April 30, 2018.

Liquidity and Capital Resources

The Company's working capital as at April 30, 2019 was \$282.5 million as compared to \$264.5 million on April 30, 2018.

Cash and marketable securities were \$108.6 million as at April 30, 2019 as compared to \$94.2 million on April 30, 2018.

Cash generated from operations was \$23.7 million for the quarter ended April 30, 2019 as compared to \$18.3 million for the quarter ended April 30, 2018. Before taking into account taxes and the changes in non-cash working capital and current taxes, the Company generated \$23.2 million from operations for the quarter ended April 30, 2019 compared to \$9.1 million for the same period last year.

Cash provided by operations was \$88.5 million for the 2019 fiscal year as compared to cash provided by operations of \$98.4 million for the 2018 fiscal year. Before taking into account taxes and the changes in non-cash working capital and current taxes, the Company generated \$89.1 million from operations for fiscal 2019 as compared to \$57.6 million for fiscal 2018.

For the quarter, the Company generated \$4.9 million from investing activities.

For the year, the Company used \$23.5 million in investing activities which was principally driven by the business acquisitions for \$9.2 million and capital equipment of \$11.6 million.

For the quarter ended, the Company used cash in financing activities of \$13.4 million which was principally a result of the payment of dividends of \$13.8 million.

For the year ended April 30, 2019, the Company used cash in financing activities of \$54.8 million which was principally a result of the payment of dividends of \$55.1 million.

Shipments and Backlog

At the end of May 2019, purchase order backlog was in excess of \$90 million and shipments during the month of May 2019 were \$33 million.

Dividend Declared

Evertz Board of Directors declared a regular quarterly dividend on June 20, 2019 of \$0.18 per share.

The dividend is payable to shareholders of record on June 28, 2019 and will be paid on or about July 5, 2019.

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,	
	2019	2018	2019	2018
Revenue	\$ 107,245	\$ 92,988	\$ 443,556	\$ 402,832
Cost of goods sold	44,520	43,979	190,198	179,931
Gross margin	62,725	49,009	253,358	222,901
Expenses				
Selling and administrative	17,957	17,832	67,821	65,531
General	1,012	792	3,410	3,336
Research and development	21,849	21,017	85,823	80,804
Investment tax credits	(2,086)	1,038	(8,158)	(6,743)
Share based compensation	1,349	1,188	4,501	4,562
Foreign exchange (gain) loss	(1,876)	(4,461)	(3,404)	4,727
	38,205	37,406	149,993	152,217
Earnings before undemoted	24,520	11,603	103,365	70,684
Finance income	430	272	1,394	781
Finance costs	(91)	(96)	(752)	(455)
Other income and expenses	(141)	(87)	1,080	1,956
Earnings before income taxes	24,718	11,692	105,087	72,966
Provision for (recovery of) income taxes				
Current	4,972	5,151	26,499	24,076
Deferred	1,119	(1,728)	84	(4,656)
	6,091	3,423	26,583	19,420
Net earnings for the period	\$ 18,627	\$ 8,269	\$ 78,504	\$ 53,546
Net earnings attributable to non-controlling interest	65	79	629	460
Net earnings attributable to shareholders	18,562	8,190	77,875	53,086
Net earnings for the period	\$ 18,627	\$ 8,269	\$ 78,504	\$ 53,546
Earnings per share				
Basic	\$ 0.24	\$ 0.11	\$ 1.02	\$ 0.70
Diluted	\$ 0.24	\$ 0.11	\$ 1.02	\$ 0.70

	April 30, 2019		April 30, 2018		April 30, 2017
Assets					
Current assets					
Cash and cash equivalents	\$ 104,583	\$	94,184	\$	54,274
Marketable securities	4,023		-		-
Trade and other receivables	81,498		64,241		111,664
Contract assets	22,348		21,830		-
Prepaid expenses	9,045		5,506		4,075
Inventories	171,271		168,070		178,208
Income tax receivable	708		-		-
	393,476		353,831		348,221
Property, Plant and Equipment					
Property, Plant and Equipment	48,887		47,915		44,152
Goodwill	20,716		18,168		18,195
Intangible assets	1,952		-		-
Deferred income taxes	1,566		1,201		-
	\$ 466,597	\$	421,115	\$	410,568
Liabilities					
Current liabilities					
Trade and other payables	\$ 63,647	\$	56,377	\$	50,321
Provisions	4,171		3,981		3,817
Deferred revenue	42,843		28,502		28,272
Current portion of long term debt	294		383		280
Income tax payable	-		74		945
	110,955		89,317		83,635
Long term debt					
Long term debt	239		515		733
Deferred taxes	-		-		4,427
	111,194		89,832		88,795
Equity					
Capital stock					
Capital stock	139,865		138,675		124,695
Share based payment reserve					
Share based payment reserve	8,245		7,885		10,091
Accumulated other comprehensive income					
Accumulated other comprehensive income	1,729		2,149		747
Retained earnings					
Retained earnings	203,284		180,518		182,297
	205,013		182,667		183,044
Total equity attributable to shareholders					
Total equity attributable to shareholders	353,123		329,227		317,830
Non-controlling interest					
Non-controlling interest	2,280		2,056		3,943
	355,403		331,283		321,773
	\$ 466,597	\$	421,115	\$	410,568

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 20, 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 8906877.

For those unable to listen to the live call, a rebroadcast will also be available until July 20, 2019. The rebroadcast can be accessed at 647-436-0148 or toll-free 1-888-203-1112. The pass code for the rebroadcast is 8906877.

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".