

Attention Business/Financial Editors:

Evertz Technologies reports Fiscal 2020 results for the Year ended April 30, 2020.

Burlington, June 30, 2020, 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, 2020.

Fiscal 2020 Highlights

- Revenue of \$436.6 million
- International revenue up \$1.8 million year-over-year to \$147.6 million
- Net earnings of \$69.2 for the year
- Fully diluted earnings per share of \$0.90 for the year

Fourth Quarter 2020 Highlights

- Quarterly revenue of \$92.2 million
- Net earnings of \$16.0 million for the quarter
- Fully diluted earnings per share of \$0.21 for the quarter

Selected Financial Information

Consolidated Statement of Earnings Data

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

	<u>Q4'20</u>	<u>Q4'19</u>	<u>YE'20</u>	<u>YE'19</u>
Revenue	\$ 92,167	\$ 107,245	\$ 436,592	\$ 443,556
Gross margin	52,053	62,725	248,376	253,358
Earnings from operations	21,400	24,520	92,558	103,365
Net earnings	16,038	18,627	69,172	78,504
Fully-diluted earnings per share	\$ 0.21	\$ 0.24	\$ 0.90	\$ 1.02
Fully-diluted shares	76,415,396	76,565,850	76,642,787	76,529,799

Selected Financial Information

Consolidated Balance Sheet Data

(in thousands of dollars)

	<u>YE ' 20</u>	<u>YE '19</u>
Cash and cash equivalents	\$ 75,025	\$ 104,583
Working capital	223,720	282,521
Total assets	443,673	466,597
Shareholders' equity	295,012	353,123

Revenue

For the quarter ended April 30, 2020, revenues were \$92.2 million compared to revenues of \$107.2 million for the quarter ended April 30, 2019. For the quarter, revenues in the United States/Canada region were \$58.7 million compared to \$63.6 million in the same quarter last year. The International region had revenues of \$33.5 million compared to \$43.7 million in the same quarter last year.

For the year ended, April 30, 2020, sales were \$436.6 million, compared to sales of \$443.6 million for the year ended April 30, 2019. For the year, revenues in the United States/Canada region were \$289.0 million compared to \$297.8 million in the prior year. The International region had revenues of \$147.6 million, an increase of \$1.8 million compared to \$145.8 million in the prior year.

Gross Margin

For the quarter ended April 30, 2020, gross margin was \$52.1 million as compared to \$62.7 million in the same quarter last year. Gross margin percentage was approximately 56.5% as compared to 58.5% in the quarter ended April 30, 2019.

For the year ended April 30, 2020, gross margin was \$248.4 million as compared to \$253.4 million for the year ended April 30, 2019. Gross margin percentage was approximately 56.9% as compared to 57.1% for the prior year.

Earnings

For the quarter ended April 30, 2020, net earnings were \$16.0 million as compared to \$18.6 million in the corresponding period last year.

For the year ended April 30, 2020, net earnings were \$69.2 million as compared to \$78.5 million in the corresponding period last year.

For the quarter ended April 30, 2020, earnings per share on a fully-diluted basis were \$0.21 as compared to \$0.24 in the corresponding period last year.

For the year ended April 30, 2020, earnings per share on a fully-diluted basis were \$0.90 as compared to \$1.02 in the same period in 2019.

Operating Expenses

For the quarter ended April 30, 2020, selling and administrative expenses were \$15.4 million as compared to \$18.0 million for the quarter ended April 30, 2019.

For the year ended April 30, 2020, selling and administrative expenses were \$67.6 million as compared to \$67.8 million for the year ended April 30, 2019.

For the quarter ended April 30, 2020, gross research and development expenses were \$21.2 million as compared to \$21.8 million for the quarter ended April 30, 2019.

For the year ended April 30, 2020, gross research and development expenses were \$90.8 million as compared to \$85.8 million for the year ended April 30, 2019.

Liquidity and Capital Resources

The Company's working capital as at April 30, 2020 was \$223.7 million as compared to \$282.5 million on April 30, 2019.

Cash was \$75.0 million as at April 30, 2020 as compared to \$104.6 million on April 30, 2019.

Cash generated from operations was \$47.1 million for the quarter ended April 30, 2020 as compared to \$23.7 million for the quarter ended April 30, 2019. Before taking into account taxes and the changes in non-cash working capital and current taxes, the Company generated \$21.6 million from operations for the quarter ended April 31, 2020 compared to \$23.2 million for the same period last year.

Cash provided by operations was \$109.3 million for the 2020 fiscal year as compared to cash provided by operations of \$88.5 million for the 2019 fiscal year. Before taking into account taxes and the changes in non-cash working capital and current taxes, the Company generated \$87.7 million from operations for fiscal 2020 as compared to \$89.1 million for fiscal 2019.

For the quarter, the Company used \$3.1 million for investing activities.

For the year, the Company used \$5.7 million in investing activities which was principally driven by the acquisition of capital equipment of \$10.1 million, partially offset by the sale of marketable securities for \$4.1 million.

For the quarter ended, the Company used cash in financing activities of \$17.7 million which was principally a result of the payment of dividends of \$13.8 million and capital stock repurchases of \$2.4 million.

For the year ended April 30, 2020, the Company used cash in financing activities of \$132.7 million which was principally a result of the payment of dividends of \$124.8 million.

Shipments and Backlog

At the end of May 2020, purchase order backlog was in excess of \$94 million and shipments during the month of May 2020 were \$16 million.

Dividend Declared

Evertz Board of Directors declared a regular quarterly dividend on June 30, 2020 of \$0.09 per share.

The dividend is payable to shareholders of record on July 10, 2020 and will be paid on or about July 17, 2020.

Evertz remains committed to increasing its financial flexibility and given the current environment dominated by Covid-19, the Company believes it is prudent to conserve cash. Evertz Board of Directors will reassess its decision regarding the reduction of the regularly quarterly dividends on September 9, 2020.

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,	
	2020	2019	2020	2019
Revenue	\$ 92,167	\$ 107,245	\$ 436,592	\$ 443,556
Cost of goods sold	40,114	44,520	188,216	190,198
Gross margin	52,053	62,725	248,376	253,358
Expenses				
Selling and administrative	15,400	17,957	67,597	67,821
General	824	1,012	3,509	3,410
Research and development	21,202	21,849	90,827	85,823
Investment tax credits	(1,558)	(2,086)	(7,595)	(8,158)
Share based compensation	906	1,349	4,964	4,501
Foreign exchange gain	(6,121)	(1,876)	(3,484)	(3,404)
	30,653	38,205	155,818	149,993
Earnings before undemoted	21,400	24,520	92,558	103,365
Finance income	181	430	1,077	1,394
Finance costs	(470)	(91)	(1,845)	(752)
Other income and expenses	(134)	(141)	169	1,080
Earnings before income taxes	20,977	24,718	91,959	105,087
Provision for income taxes				
Current	4,232	4,972	22,304	26,499
Deferred	707	1,119	483	84
	4,939	6,091	22,787	26,583
Net earnings for the period	\$ 16,038	\$ 18,627	\$ 69,172	\$ 78,504
Net earnings attributable to non-controlling interest	138	65	565	629
Net earnings attributable to shareholders	15,900	18,562	68,607	77,875
Net earnings for the period	\$ 16,038	\$ 18,627	\$ 69,172	\$ 78,504
Earnings per share				
Basic	\$ 0.21	\$ 0.24	\$ 0.90	\$ 1.02
Diluted	\$ 0.21	\$ 0.24	\$ 0.90	\$ 1.02

	April 30, 2020	April 30, 2019	April 30, 2018
Assets			
Current assets			
Cash and cash equivalents	\$ 75,025	\$ 104,583	\$ 94,184
Marketable securities	-	4,023	-
Trade and other receivables	90,631	81,498	64,241
Contract assets	7,864	22,348	21,830
Prepaid expenses	9,003	9,045	5,506
Inventories	161,985	171,271	168,070
Income tax receivable	-	708	-
	344,508	393,476	353,831
Property, plant and equipment			
Right-of-use assets	47,794	48,887	47,915
Goodwill	28,823	-	-
Intangible assets	20,771	20,716	18,168
Deferred income taxes	1,573	1,952	-
	204	1,566	1,201
	\$ 443,673	\$ 466,597	\$ 421,115
Liabilities			
Current liabilities			
Trade and other payables	\$ 62,231	\$ 63,647	\$ 56,377
Provisions	5,031	4,171	3,981
Deferred revenue	45,076	42,843	28,502
Current portion of long term debt	238	294	383
Current portion of lease obligations	4,400	-	-
Income tax payable	3,812	-	74
	120,788	110,955	89,317
Long term debt	-	239	515
Long term lease obligations	25,465	-	-
	146,253	111,194	89,832
Equity			
Capital stock	143,915	139,865	138,675
Share based payment reserve	8,279	8,245	7,885
Accumulated other comprehensive income	1,032	1,729	2,149
Retained earnings	141,786	203,284	180,518
	142,818	205,013	182,667
Total equity attributable to shareholders	295,012	353,123	329,227
Non-controlling interest	2,408	2,280	2,056
	297,420	355,403	331,283
	\$ 443,673	\$ 466,597	\$ 421,115

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 30, 2020 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 647-490-5367 or toll-free (North America) 1-800-367-2403, access code 1288953.

For those unable to listen to the live call, a rebroadcast will also be available until July 30, 2020. The rebroadcast can be accessed at 647-436-0148 or toll-free 1-888-203-1112. The pass code for the rebroadcast is 1288953.

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".