

Attention Business/Financial Editors:

Evertz Technologies reports Second Quarter results for the period ended October 31, 2017.

Burlington, December 14, 2017, 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, 2017.

Second Quarter 2018 Highlights

- Second quarter revenue of \$101.3 million, up 2% from the prior year
- US/Canada revenue up 6% to \$66.0 million for the quarter
- Receipt of purchase orders in the quarter for a state-of-the-art IP Facility from a US customer totaling in excess of \$10 million
- Earnings from operations of \$23.9 million
- Net earnings of \$17.4 million for the quarter
- Fully diluted earnings per share of \$0.23 for the quarter

Selected Financial Information

Consolidated Statement of Earnings Data

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

	<u>Q2 '18</u>	<u>Q2 '17</u>
Revenue	\$ 101,261	\$ 99,592
Gross margin	56,752	57,111
Earnings from operations	23,874	27,886
Net earnings	17,429	20,760
Fully-diluted earnings per share	\$ 0.23	\$ 0.27
Fully-diluted shares	76,313,441	75,140,335

Selected Financial Information

Consolidated Balance Sheet Data

(in thousands of dollars)

	<u>Q2 '18</u>	<u>YE '17</u>
Cash and cash equivalents	\$ 54,022	\$ 54,274
Working capital	270,525	264,586
Total assets	410,285	410,568
Shareholders' equity	327,651	317,830

Revenue

For the quarter ended October 31, 2017, revenues were \$101.3 million, up 2% or \$1.7 million as compared to revenues of \$99.6 million for the quarter ended October 31, 2016. For the quarter, revenues in the United States/Canada region were \$66.0 million, up 6% or \$3.7 million as compared to \$62.3 million in the same quarter last year. The International region had revenues of \$35.3 million, compared to \$37.3 million in the same quarter last year.

Gross Margin

For the quarter ended October 31, 2017 gross margin was \$56.8 million as compared to \$57.1 million in the same quarter last year. Gross margin percentage was approximately 56.0% as compared to 57.3% in the quarter ended October 31, 2016.

Earnings

For the quarter ended October 31, 2017 net earnings were \$17.4 million as compared to \$20.8 million in the corresponding period last year.

For the quarter ended October 31, 2017, earnings per share on a fully-diluted basis were \$0.23 as compared to \$0.27 in the corresponding period last year.

Operating Expenses

For the quarter ended October 31, 2017 selling and administrative expenses were \$16.0 million as compared to \$15.3 million for the quarter ended October 31, 2016.

For the quarter ended October 31, 2017 gross research and development expenses were \$20.2 million as compared to \$17.8 million for the quarter ended October 31, 2016.

Liquidity and Capital Resources

The Company's working capital as at October 31, 2017 was \$270.5 million as compared to \$264.6 million on April 30, 2017.

Cash and cash equivalents were \$54.0 million as at October 31, 2017 as compared to \$54.3 million on April 30, 2017.

Cash used in operations was \$2.8 million for the quarter ended October 31, 2017 as compared to cash generated of \$12.6 million for the quarter ended October 31, 2016. Before taking into account taxes and the changes in non-cash working capital and current taxes, the Company generated \$20.1 million from operations for the quarter ended October 31, 2017 compared to \$24.4 million for the same period last year.

For the quarter, the Company used \$4.2 million in investing activities which was principally a result of purchases in capital assets of \$2.5 million and the acquisition of the remaining 20% of Antenna Technology Communications, Inc. for \$1.7 million.

For the quarter ended, the Company used cash in financing activities of \$12.2 million which was principally a result of the payment of dividends of \$13.7 million, partially offset by the issuance of Capital Stock pursuant to the Company's Stock Option Plan of \$1.6 million.

Shipments and Backlog

At the end of November 2017, purchase order backlog was in excess of \$69 million and shipments during the month of November 2017 were \$38 million.

Dividend Declared

Evertz Board of Directors declared a regular quarterly dividend on December 14, 2017 of \$0.18 per share.

The dividend is payable to shareholders of record on December 22, 2017 and will be paid on or about December 29, 2017.

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,	
	2017	2016	2017	2016
Revenue	\$ 101,261	\$ 99,592	\$ 210,270	\$ 186,618
Cost of goods sold	44,509	42,481	92,357	79,641
Gross margin	56,752	57,111	117,913	106,977
Expenses				
Selling and administrative	16,026	15,289	31,853	30,175
General	2,370	2,017	4,467	3,967
Research and development	20,214	17,780	39,486	35,273
Investment tax credits	(2,850)	(2,411)	(5,301)	(5,060)
Foreign exchange (gain) loss	(2,882)	(3,450)	5,362	(10,054)
	32,878	29,225	75,867	54,301
Earnings before undemoted	23,874	27,886	42,046	52,676
Finance income	174	464	275	780
Finance costs	(157)	(69)	(205)	(122)
Other income and expenses	(75)	(32)	(46)	37
Earnings before income taxes	23,816	28,249	42,070	53,371
Provision for (recovery of) income taxes				
Current	6,515	6,969	12,370	15,641
Deferred	(128)	520	(921)	(1,653)
	6,387	7,489	11,449	13,988
Net earnings for the period	\$ 17,429	\$ 20,760	\$ 30,621	\$ 39,383
Net earnings attributable to non-controlling interest	143	177	257	407
Net earnings attributable to shareholders	17,286	20,583	30,364	38,976
Net earnings for the period	\$ 17,429	\$ 20,760	\$ 30,621	\$ 39,383
Earnings per share				
Basic	\$ 0.23	\$ 0.28	\$ 0.40	\$ 0.52
Diluted	\$ 0.23	\$ 0.27	\$ 0.40	\$ 0.52
Consolidated Balance Sheet Data				
		As at		As at
		October 31, 2017		April 30, 2017
Cash and cash equivalents	\$	54,022	\$	54,274
Inventory	\$	174,895	\$	178,208
Working capital	\$	270,525	\$	264,586
Total assets	\$	410,285	\$	410,568
Shareholders' equity	\$	327,651	\$	317,830
Number of common shares outstanding:				
Basic		76,180,246		75,742,746
Fully-diluted		78,618,746		78,621,246
Weighted average number of shares outstanding:				
Basic		76,018,084		75,040,113
Fully-diluted		76,170,645		75,374,204

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 14, 2017 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 7935684.

For those unable to listen to the live call, a rebroadcast will also be available until January 13, 2018. The rebroadcast can be accessed at 647-436-0148 or toll-free 1-888-203-1112. The pass code for the rebroadcast is 7935684.

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".