

Attention Business/Financial Editors:

Evertz Technologies reports First Quarter results for the period ended July 31, 2018.

Burlington, September 11, 2018, Evertz Technologies Limited (TSX:ET), the leader in Software Defined Video Network (“SDVN”) technology, today reported its results for the first quarter ended July 31, 2018.

First Quarter 2019 Highlights

- Quarterly revenue of \$103.1 million, up 11% sequentially
- US/Canada revenue up 15% to \$75.2 million from the prior year
- Net earnings of \$17.4 million for the quarter, up 32% from the prior year
- Fully diluted earnings per share of \$0.23 for the quarter, up 35% from the prior year

Selected Financial Information

Consolidated Statement of Earnings Data

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

	<u>Q1 '19</u>	<u>Q1 '18</u>
Revenue	\$ 103,089	\$ 109,009
Gross margin	58,778	61,161
Earnings from operations	23,289	18,172
Net earnings	17,361	13,192
Fully-diluted earnings per share	\$ 0.23	\$ 0.17
Fully-diluted shares	76,514,508	76,019,562

Selected Financial Information

Consolidated Balance Sheet Data

(in thousands of dollars)

	<u>Q1 '19</u>	<u>YE '18</u>
Cash and marketable securities	\$ 102,662	\$ 94,184
Working capital	268,427	264,514
Total assets	433,215	421,115
Shareholders' equity	331,934	329,227

Revenue

For the quarter ended July 31, 2018, revenues were \$103.1 million, compared to revenues of \$109.0 million for the quarter ended July 31, 2017. For the quarter, revenues in the United States/Canada region were \$75.2 million, compared to \$65.4 million in the same quarter last year. The International region had revenues of \$27.9 million, compared to \$43.6 million in the same quarter last year.

Gross Margin

For the quarter ended July 31, 2018, gross margin was \$58.8 million as compared to \$61.2 million in the same quarter last year. Gross margin percentage was approximately 57.0% as compared to 56.1% in the quarter ended July 31, 2017.

Earnings

For the quarter ended July 31, 2018, net earnings were \$17.4 million as compared to \$13.2 million in the corresponding period last year.

For the quarter ended July 31, 2018, earnings per share on a fully-diluted basis were \$0.23 as compared to \$0.17 in the corresponding period last year.

Operating Expenses

For the quarter ended July 31, 2018, selling and administrative expenses were \$15.9 million as compared to \$15.8 million for the quarter ended July 31, 2017.

For the quarter ended July 31, 2018, gross research and development expenses were \$21.3 million as compared to \$19.3 million for the quarter ended July 31, 2017.

Liquidity and Capital Resources

The Company's working capital as at July 31, 2018 was \$268.4 million as compared to \$264.5 million on April 30, 2018.

Cash and marketable securities were \$102.7 million as at July 31, 2018 as compared to \$94.2 million on April 30, 2018.

Cash generated from operations was \$24.2 million for the quarter ended July 31, 2018 as compared to \$32.2 million for the quarter ended July 31, 2017. Before taking into account taxes and the changes in non-cash working capital and current taxes, the Company generated \$20.3 million from operations for the quarter ended July 31, 2018 compared to \$15.5 million for the same period last year.

For the quarter, the Company used \$13.0 million from investing activities which was principally driven by the purchase of marketable securities of \$10.8 million and capital equipment of \$2.3 million.

For the quarter ended, the Company used cash in financing activities of \$13.5 million which was principally a result of the payment of dividends of \$13.8 million.

Shipments and Backlog

At the end of August 2018, purchase order backlog was in excess of \$81 million and shipments during the month of August 2018 were \$41 million.

Dividend Declared

Evertz Board of Directors declared a regular quarterly dividend on September 11, 2018 of \$0.18 per share.

The dividend is payable to shareholders of record on September 21, 2018 and will be paid on or about September 28, 2018.

Selected Consolidated Financial Information

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

	Three months ended July 31, 2018	Three months ended July 31, 2017
Revenue	\$ 103,089	\$ 109,009
Cost of goods sold	44,311	47,848
Gross margin	\$ 58,778	\$ 61,161
Expenses		
Selling and administrative	15,905	15,827
General	1,339	2,097
Research and development	21,320	19,272
Investment tax credits	(2,003)	(2,451)
Foreign exchange (gain) loss	(1,072)	8,244
	35,489	42,989
Earnings before undernoted	\$ 23,289	\$ 18,172
Finance income	359	101
Finance costs	(426)	(48)
Other income and expenses	135	29
Earnings before income taxes	\$ 23,357	\$ 18,254
Provision for (recovery of) income taxes		
Current	5,618	5,855
Deferred	378	(793)
	\$ 5,996	\$ 5,062
Net earnings for the period	\$ 17,361	\$ 13,192
Net earnings attributable to non-controlling interest	88	114
Net earnings attributable to shareholders	17,273	13,078
Net earnings for the period	\$ 17,361	\$ 13,192
Earnings per share:		
Basic	\$ 0.23	\$ 0.17
Diluted	\$ 0.23	\$ 0.17
Consolidated Balance Sheet Data	As at July 31, 2018	As at April 30, 2018
Cash and marketable securities	\$ 102,662	\$ 94,184
Inventory	\$ 167,109	\$ 168,070
Working capital	\$ 268,427	\$ 264,514
Total assets	\$ 433,215	\$ 421,115
Shareholders' equity	\$ 331,934	\$ 329,227
Number of common shares outstanding:		
Basic	76,497,746	76,481,746
Fully-diluted	78,739,746	78,722,746
Weighted average number of shares outstanding:		
Basic	76,488,876	76,211,007
Fully-diluted	76,514,508	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 September 11, 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 3157015.

For those unable to listen to the live call, a rebroadcast will also be available until October 11, 2018. The rebroadcast can be accessed at 647-436-0148 or toll-free 1-888-203-1112. The pass code for the rebroadcast is 3157015.

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".