

FIRST-HALF 2019 RESULTS

- +7% organic growth
- Sharp rise in gross margin
- Improved earnings, net loss cut in half
- Shareholder's equity enhanced with the exercise of 240,000 warrants

Anevia, a leading provider of OTT and IPTV software solutions, today announced its H1 2019 results, as approved by the Board of Directors and subject to a limited review by the statutory auditors.

French GAAP In €m, at 30 June ¹	H1 2019 6 months	H1 2018 6 months	Δ
Revenue	7.2	6.7	+7%
Gross margin	5.9	5.1	+15%
<i>As a % of revenue</i>	82%	76%	+6 pts
Operating expenses	(7.4)	(7.4)	stable
Operating income <i>(including foreign exchange income)</i>	(1.5)	(2.2)	+€729k
Research Tax Credit and subsidies	0.6	0.5	+13%
Operating income (expense) plus Research Tax Credit	(0.9)	(1.7)	+€800k
Net income for the period	(0.9)	(1.8)	+€863k

ACTIVITY IN THE FIRST HALF OF 2019

Organic growth up +7%, driven by both the Telecom and Enterprise businesses

Anevia posted total organic revenue growth of +7% to €7.2m in H1 2019.

All activities contributed to interim revenue performance. The Telecom business recorded revenue of €5.3m (+9%) and the Enterprise business €1.9m (+2%).

The company achieved major strides expanding its business in the first half:

- Internationally, the company continued rolling out its product and service range in the United States and onboarding new top-tier operators in Asia, two strategic markets for the company;
- The end-to-end offer was taken to market, with encoding solutions that combine the latest cutting-edge technologies such as 4K, low latency, Ultra HD (UHD) and virtualisation, which has already won over multiple clients;
- New partnerships were contracted with major players such as Haivision, one of the world's leading providers of live video streaming technologies, and Evermedia, a French specialist in IPTV and multi-media solutions, for the distribution and deployment of Anevia products and associated services.

¹ R&D costs are fully expensed and partially funded by the Research Tax Credit.

FIRST-HALF 2019 RESULTS

Sharp rise in gross margin; net loss cut in half

Anevia improved its gross margin significantly in the first half, recording a 6-point gain to 82%. The company enjoyed a better product mix over the period, thanks to the combined impact of two factors:

- More software sales, on par with the company's guidance;
- More sales of higher-margin services to a constantly growing installed client base, which is systematically loyal to the quality of solutions provided.

This performance, combined with strict cost discipline over the period, boosted operating income by +€800k which, together with the Research Tax Credit, came out at €(0.9)m versus €(1.7)m in H1 2018.

Similarly, net income improved, with the net loss cut in half from €(1.8)m to €(0.9)m.

Cash position at 30 June 2019

At 30 June 2019, the Group's balance sheet showed shareholders' equity of €(1.4)m, financial debt of €2.7m (stable compared to 31 December 2018) and a cash position of €1.4m (vs. €1.7m at 31 December 2018).

Shareholders' equity enhanced with the exercise of 240,000 warrants on 1 July 2019

On 1 July 2019, 240,000 equity warrants (BSAs) were exercised out of the 480,000 BSAs issued in December 2018 in a private placement issue of shares with warrants attached (ABSAs), without pre-emptive rights, at an exercise price of €2.50 each.

RECENT DEVELOPMENTS

"Full Dynamic Ad Insertion" function added to monetise OTT content

Anevia announced the addition of a Full Dynamic Ad Insertion solution to its product range targeting operators and broadcasters.

The range, which already included ad-enabling and preparation capabilities, now offers ad-stitching and routing features in the CDN (content delivery network), allowing clients to better monetise their OTT content via programmatic advertising.

According to a report published by survey firm US Video Advertising Bureau², advertising already makes up 45% of all online video revenues, and is expected to reach nearly 60% over the next 10 years.

Virtualisation of the software range

Anevia furthered its R&D investments over the period with the aim of virtualising its software range in order to simplify deployment, configuration and operations for its clients without compromising performance, and to stay one step ahead of the current market transformation.

In addition to unbundling hardware and software, recent containerisation technology made it possible to streamline administrative tasks (e.g. using an orchestration system to move software from one machine to another, or to launch multiple instances of a programme in response to a peak load). The implementation of these technologies (containerisation and orchestration) has been completed for the NEA-CDN[®] solution, is currently being finalised for the Genova encoders, and is in the works for Anevia's NEA-DVR[®] and Flamingo solutions.

² You Down with OTT – An overview of the Competitive Video Ecosystem – Video Advertising Bureau, 2018
<https://www.thevab.com/wp-content/uploads/2018/03/OTT-Ecosystem-Overview-Final.pdf>

Collaboration with Intel and NVIDIA

In September, Anevia announced it has worked closely with Intel and NVIDIA to optimise its Genova encoder with their respective processors.

With these developments, OTT service providers are able to offer their subscribers a higher quality of video broadcast and additional services at no extra cost.

2019 PRIORITIES

Anevia has confirmed its organic growth guidance for full-year 2019. To that end, the company will continue to develop the business opportunities at its disposal, while also focusing its efforts on two complementary, high-priority objectives:

- Maintaining a high gross margin;
- Further streamlining its cost structure.

Next release: full-year 2019 revenue out 29 January 2020

About ANEVIA

Anevia is a leading OTT and IPTV software provider of innovative multiscreen solutions for the delivery of live TV, streaming video, time-shifted TV and video on demand services. The company offers a comprehensive portfolio of video compression, multiscreen IPTV head-ends, Cloud DVR and CDN solutions to enable viewers to enjoy a next-generation TV experience – anywhere, anytime and on any screen - including 4K UHD content. The solutions have been widely adopted by globally renowned telecom and pay-TV operators, TV broadcasters and video service providers in hospitality, healthcare and corporate businesses.

Founded in 2003, Anevia has a track record of being first to market with advanced video technologies. The company is a member of and active contributor to several TV, media and hospitality industry associations. Headquartered in France, with regional offices in the USA, Dubai and Singapore, Anevia is listed on the Paris Euronext Growth market.

For more information please visit www.anevia.com.

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