

28 September 2017

Telit Communications PLC

Operational and trading update

Telit Communications PLC (AIM: TCM, "Telit", the "Group"), a global enabler of the Internet of Things (IoT), has published an operational and trading update, further to its announcement of 14 August 2017.

The Group's strategic position in the IoT industry and operational strengths remain fundamentally unchanged. Telit has made good progress in obtaining carrier certifications including recently the LTE Category M1 (Cat M1) module which received certification for operation on AT&T's LTE nationwide network.

Following the appointment of Yosi Fait as interim CEO, Telit commenced a review of its activities with a view to delivering a significant rationalisation of the Group's product lines and reduction in its cost base which is in progress. Separately of this review, the Board has for some time been actively considering the future of product lines which may not fit the Group's long-term strategy.

The Group is narrowing its financial guidance such that it expects revenues of \$390 million to \$400 million for the financial year to 31 December 2017 (2016: \$370.3 million) and adjusted EBITDA is expected to be \$44 million to \$48 million (2016: \$54.4 million) before one-off restructuring costs which are expected to be incurred as the review is implemented.

Telit expects to see, as normal, significant cash generation in the second half of the financial year and the Group expects to satisfy all financial covenants which are imposed upon it when tested as at 30 September 2017. Telit's financing banks have continued to express support in the Group. As a precautionary measure, one financing bank granted an advance waiver for any potential breach of a covenant as at 30 September 2017, relating to the ratio of, in broad terms, free cash flow generation against debt service obligations (being the covenant previously notified as having been breached and waived) amongst other amendments including as to information flow and operational issues.

The Board has considered previous speculation relating to Telit's financial condition, trading performance and business relationships. The Board remains confident of the strength of the financial controls within the business. For the sole purpose of providing reassurance in this regard, the Board has engaged an independent third party accounting firm to perform a review of certain elements of the Group's financials and this work is ongoing.

As previously announced, the Board is conducting a search to appoint three additional independent non-executive directors, one of whom will become Chairman. The search is progressing well and is ongoing.

The Group intends as part of its ordinary course retention planning in coming days to complete the issue to its senior, but not board, executive tier and other key employees, of options over ordinary shares.

Yosi Fait, Interim Chief Executive, commented:

"Despite a very difficult few months, we have retained our close customer relationships and our highly skilled employees and management team.

"We are focused on implementing a refreshed, more disciplined and prudent, as well as transparent, approach to corporate governance and the delivery of increased shareholder value.

"We are now in an ideal position to address the growing opportunities in the high-growth IoT industry. So I am confident that we can exploit this position, supplying customers with the best-in-class end-to-end IoT solutions."

Telit expects to publish its routine Q3 trading statement in mid November 2017.

This announcement is made in accordance with Article 19 of the EU Market Abuse Regulation 596/2014.

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