

Telit Communications PLC

Banking covenant and 2017 update

London, 13 March 2018 – Telit Communications PLC (“Telit”, “the Group”, AIM: TCM), a global enabler of the Internet of Things (IoT), has agreed a series of new and amended financial covenants with its lead financing bank and published an update on financial results for 2017 as well as for the first two months of 2018.

The new covenants are more appropriate for the Group following its rationalisation of product lines and costs. In particular, the covenant, which in broad terms measured the ratio of free cash flow against debt service obligations, is replaced for 2018.

Telit plans to publish its results for the year to 31 December 2017 in April. The Group has resolved to adopt a conservative approach in the preparation of its results, and in particular with respect to the capitalisation of R&D expenditure. This decision, taken in the course of preparing its results and after a review of its capitalised R&D assets, will have the effect of significantly increasing R&D expenditure charged to the income statement to a level higher than previously forecast.

This, combined with establishing a prudent level of provisions and other adjustments with its auditors and some component shortage issues which affected sales in the closing weeks of 2017, leads the Board to now expect to report revenue of approximately \$374-376 million and adjusted EBITDA in the region of \$20-23 million (excluding exceptional costs in relation to the restructuring of the business). The Group’s net debt position as at 31 December 2017 was \$30.2 million (2016: \$17.7 million).

Trading over the first two months of 2018 has been considerably stronger than the comparable period in 2017 and ahead of the Board’s early expectations.

Richard Kilsby, Chairman, commented:

***“The Group clearly faced a number of unique challenges during the course of 2017 which have unquestionably affected our financial performance in the short term. We are resolved to ensure that the business is placed on a sustainable footing for the longer term and the Group’s financials are recalibrated on a prudent and conservative basis.*”**

“We are pleased with the outcome so far. We have secured new covenants with our leading bank and trading in 2018 has started well. This underpins our confidence that we will deliver significant revenue growth as well as stabilising gross margins and improving cash generation in the current financial year.”

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About Telit

[Telit](#) (AIM: TCM), is a global leader in Internet of Things (IoT) enablement. The company offers the industry's broadest portfolio of integrated products and services for end-to-end IoT deployments – including cellular communication modules in all technologies, GNSS, Wi-Fi, short-to-long range wireless modules, IoT connectivity plans and IoT platform services. Through the IoT Portal, Telit makes IoT onboarding easy, reduces risk, time to market, complexity and costs for asset tracking, remote monitoring and control, telematics, industrial automation and others, across many industries and vertical markets worldwide.

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