2017 Year end results

Yosi Fait, CEO
Yariv Dafna, Finance Director
Disclaimer

This document and the accompanying oral presentation has been prepared by Telit Communications PLC (the "Company"). finnCap which is authorized and regulated by the Financial Services Authority, is acting as the nominated adviser and broker to the Company. The information contained in the presentation has not been verified by finnCap nor does this presentation purport to be all-inclusive or to contain all the information that an investor may desire to have in evaluating whether or not to make an investment in the Company. The information has not been independently verified and is subject to material updating, revision and further amendment.

This document has not been approved by an authorized person as is required by Section 21 of the Financial Services and Markets Act 2000 ("FSMA") and therefore it will only be distributed in accordance with an exemption to Section 21 of the FSMA. This document (including its contents) is confidential and is for distribution in the United Kingdom only to persons who are authorized persons or exempted persons within the meaning of FSMA or any Order made thereunder, or to persons of a kind described in Articles 19 or 49 or 50 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 (as amended) and, if permitted by applicable law, for distribution outside the United Kingdom to professionals or institutions whose ordinary business involves them in engaging in investment activities or who are otherwise permitted to receive it in accordance with the laws of the relevant jurisdiction. It is not intended to be distributed or passed on, directly or indirectly, to any other class of persons.

This document is being supplied to you solely for your information and may not be copied, reproduced, further distributed to any other person or published, in whole or in part, for any purpose. Any other person who receives this document should not rely or act upon it. By accepting this document the recipient represents and warrants that they are a person who falls within the above description of persons entitled to receive this document. The information contained in this document is confidential and the property of the Company.

The information in this document and in the presentation does not constitute, or form part of, any offer to sell or issue, or any solicitation of an offer to purchase or subscribe for any shares in the Company nor shall this document, or any part of it, or the fact of its distribution, form the basis of, or be relied on, in connection with any contract. No reliance may be placed for any purpose whatsoever on the information (including but not limited to any forward looking statements) contained in this document or on the completeness, accuracy or fairness thereof. No representation or warranty, express or implied, is made or given by or on behalf of the Company or its Directors or finnCap or any other person as to the accuracy, completeness or fairness of the information or opinions contained in this document and in the presentation and no responsibility or liability is accepted for any such information or opinions. Nothing contained herein should be relied upon as a promise or representation as to the future. You are encouraged to seek individual advice from your personal, financial, legal, tax and other advisers before making any investment or financial decisions subscribing for or purchasing any shares in the Company. Notwithstanding this, nothing in this paragraph shall exclude liability for any such representation or warranty made fraudulently. finnCap is acting solely for the Company as nominated adviser and broker and is not acting for any other person and will not regard any other person (whether or not a recipient of this document) as its client and will not be responsible for providing the protections afforded to clients of finnCap to any other person or for providing advice to any other person.

The distribution of this document in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any such distribution could result in a violation of the law of such jurisdictions. Neither this document nor any copy of it may be taken or transmitted into Canada, Japan, South Africa or Australia or distributed to Canada, Japan, South Africa or Australia or to any national, citizen or resident thereof or any corporation, partnership or other entity created or organized under the laws thereof. By accepting this document, you agree to be bound by these restrictions.

The Company's shares have not been and will not be registered under the US Securities Act of 1933, as amended (the "Securities Act") and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within the United States except in transactions exempt from or not subject to the registration requirements of the Securities Act.

By accepting a copy of this document and attending the accompanying oral presentation, you agree to be bound by the foregoing limitations and, in particular, will be taken to have represented, warranted and undertaken that you have read and agree to comply with the contents of this notice including without limitation the obligation to keep this document and its contents confidential.
2017 summary

• Revitalised Board and management changes
• Wide ranging and fundamental operational changes
  • Integrating hardware and services business units
  • Rationalisation of product portfolio
  • Reduction in cost base
  • Automotive division considered for sale
• Financial performance
  • Management upheaval
  • Poor trading
  • Restructuring, rationalisation and other one-off costs
• Positive operational progress in 2018
Financial Highlights

- 2017 Revenues: $374.5m (2016: $370.3m)
- 2017 Cloud and connectivity Revenues: $27.7m (2016: $25.9m)
- 2017 Adjusted EBITDA: $18.1m (2016: $53.2m)
- 2017 Adjusted loss before tax: $17.8m (2016: Profit $31.6m)
- 2017 Adjusted loss per share: 16.4 cent (2016: Earnings per share 25.4 cent)
- Net debt: $30.2m (2016: $17.7m)
Revenue analysis

<table>
<thead>
<tr>
<th>$m</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group</td>
<td>374.5</td>
<td>370.3</td>
</tr>
<tr>
<td><strong>Segments</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IoT Products</td>
<td>343.7</td>
<td>335.1</td>
</tr>
<tr>
<td>IoT Services:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cloud and Connectivity</td>
<td>30.8</td>
<td>35.2</td>
</tr>
<tr>
<td>Other services</td>
<td>27.7</td>
<td>25.9</td>
</tr>
<tr>
<td>Other services</td>
<td>3.1</td>
<td>9.3</td>
</tr>
<tr>
<td><strong>Geographical markets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>America</td>
<td>160.2</td>
<td>149.0</td>
</tr>
<tr>
<td>EMEA</td>
<td>147.4</td>
<td>137.3</td>
</tr>
<tr>
<td>APAC</td>
<td>66.9</td>
<td>84.0</td>
</tr>
</tbody>
</table>

Comments

- **IoT Products**
  - our performance was negatively affected by a significant delay in several projects, some of which due to the delay in the LTE CAT1 certifications
  - shortage of several components, mainly memories during December also affect our performance in the year
- **IoT Services**
  - Cloud and connectivity increase by 7% to $27.7m (2016:$25.9m)
  - Other services are mainly R&D services provided to customers declined to $3.1m (2016: $9.3m)
- **Geographical markets**
  - **America**- Modest growth was impacted by a significant delay in certifying our CAT-1 products with VoLTE.
  - **EMEA**- Growth came from the strong performance of the Automotive business
  - **APAC**- A loss of a design with one of our major customers in the region
2017 Adjusted EBITDA vs. 2016
PBT to Adjusted EBITDA

The diagram illustrates the transition from Loss before tax, specifically showing adjustments for various factors to arrive at Adjusted EBITDA. The key adjustments include:

- **Loss before tax**: -56.8
- **Share based payment charge**: 4.3
- **Restructuring**: 15.9
- **Non-recurring**: 5.4
- **Impairment**: 8.4
- **Amortization of acquired**: 4.8
- **Finance costs, net**: 7.1
- **Other D&A**: 28.9
- **Adj. EBITDA - 2017**: 18.1
### (Loss) / profit in cash

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted EBITDA</td>
<td>18.1</td>
<td>53.3</td>
</tr>
<tr>
<td>Capitalisation of internally generated assets</td>
<td>(31.1)</td>
<td>(30.8)</td>
</tr>
<tr>
<td>Purchase of assets net of proceeds from disposal of assets</td>
<td>(14.0)</td>
<td>(9.8)</td>
</tr>
<tr>
<td>(Loss) / profit in cash</td>
<td>(27.0)</td>
<td>12.7</td>
</tr>
</tbody>
</table>
### Cash flows

<table>
<thead>
<tr>
<th>$m</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net cash (used in) generated from operating activities (1)</strong></td>
<td>(4.8)</td>
<td>46.8</td>
</tr>
<tr>
<td><strong>Net cash used in investing activities (2)</strong></td>
<td>(51.9)</td>
<td>(56.0)</td>
</tr>
<tr>
<td><strong>Net cash generated from financing activities (3)</strong></td>
<td>72.2</td>
<td>8.2</td>
</tr>
<tr>
<td><strong>Net (decrease)/increase in cash and cash equivalents</strong></td>
<td>15.5</td>
<td>(1.0)</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at beginning of period</strong></td>
<td>26.5</td>
<td>29.8</td>
</tr>
<tr>
<td><strong>Effect of exchange rate differences</strong></td>
<td>(0.1)</td>
<td>(2.3)</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at end of period</strong></td>
<td>41.9</td>
<td>26.5</td>
</tr>
</tbody>
</table>

### Comments

1. Mainly driven by the net loss for the year
2. The decrease was mainly due to a decrease in the amount spent on acquisitions
3. The increase was mainly due to the proceeds of $49.7 million from issue of new shares and the remaining mainly from the net increase in borrowings
Operational highlights 2017

- Acquisition of GainSpan in Feb’ 17 - added ultra-low power Wi-Fi to capabilities
- Strong growth in the Automotive business with new designs in North America and Asia
- New partnerships with IDEMIA to deliver SimWISE - embedded SIM card within low category 4G module
- Received certifications for:
  - CAT-1 modules, including VoLTE from two main mobile operators in US
  - new LTE CAT-M and CAT-M1 modules
- New collaboration with Wind River®, an Intel® company, to accelerate Industrial IoT (IIoT) adoption
The Market

By 2021 IoT market spend will reach $1.4 trillion

By 2021 the installed base of IoT endpoints will reach 36 billion

IoT is the prime driver of digital transformation for enterprise

IoT solutions for verticals, and asset intensive industries is important for large enterprise.

Enterprise investment in IoT as the engine for digital transformation will focus on connectivity, and intelligence at the edge.

IoT security will remain a key concern, and be a requirement for integrated hardware, network, and connectivity.

Source: IDC 2018
Our Vision

To be a world leader in IoT innovation that enables the digital transformation for enterprises.
Telit Global Footprint

- 7000 Customers Worldwide
- +100 Module Types
- 20 Years Experience in IoT
- +20 Languages Spoken among our Employees
- 10 Top 10 customers comprise only 31.7% of the revenues
- 36 Sales offices & +70 distributors, covering 80 countries around the globe
- 27 Nationalities among our Employees
- +400 Product Certifications Worldwide
- 1030 Employees Worldwide
- +5000 Total Man-Years of Research & Development
- ISO/TS16949 Compliant for Manufacturing, R&D and Support Functions Worldwide
- 10 R&D centers with over 600 engineers
- 350 Salesforce (Including distributors)
- 5 Outsourced EMSs
- +5000 Total Man-Years of Research & Development
Enabling digital transformation of enterprises through out end-to-end offering

Products & Services for End-to-End IoT Solutions

IoT Products

IoT Modules

IoT Connectivity

IoT Platforms

IoT Consulting

IoT Know-How

Apps

Enterprise Systems

Things
The industry’s broadest portfolio of wireless IoT modules

- Cellular 2G, CDMA, 3G & 4G
- Positioning GPS & GNSS
- LPWA
- Wi-Fi
- Bluetooth
IoT SIM cards & custom data plans enable roaming across different regions & networks around the world

2G, 3G & 4G LTE
Custom plans for data, SMS and voice on tier-one networks

Simple Terms
One agreement with predictable pricing, no hidden fees or roaming charges

24/7 Support
Dedicated IoT experts and account team

Secure
Multi-layer security & VPN connections

simWISE
introduced in 2017 to improve performance & manage cost

IoT Connectivity
Software platforms & cloud-based services

- **IoT Portal**: A cloud-based IoT subscription service
- **deviceWISE for MNOs**: A turnkey IoT platform for mobile network operators
- **deviceWISE for Factory**: Enterprise-grade industrial automation platform
- **secureWISE for Semiconductor**: Secure remote access to semiconductor equipment

**deviceWISE**

IoT Platform
# Telit’s End-To-End IoT Portal

## Telit IoT Portal

<table>
<thead>
<tr>
<th>Application Development</th>
<th>Developer Tools/APIs</th>
<th>Enterprise Integration</th>
<th>Cloud to Cloud</th>
<th>Dashboard &amp; Mapping</th>
<th>Third Party Applications</th>
</tr>
</thead>
<tbody>
<tr>
<td>Data Management</td>
<td>Device Drivers &amp; APIs</td>
<td>Edge Agent &amp; Logic</td>
<td>Data-at-Rest Data-in-Transit</td>
<td>Cloud Logic Engine</td>
<td>Location Services</td>
</tr>
<tr>
<td>Device Management</td>
<td>Remote Access (RMM)</td>
<td>Configuration Management</td>
<td>OTA/FOTA</td>
<td>Campaigns</td>
<td>External Integration</td>
</tr>
<tr>
<td>Connectivity Management</td>
<td>CDP Pro</td>
<td>Monitoring &amp; Alerting</td>
<td>Intelligence</td>
<td>Automation &amp; Switch</td>
<td>Bridge</td>
</tr>
<tr>
<td>Telit IoT Connectivity</td>
<td>SIM Cards</td>
<td>Custom Data Plans</td>
<td>Global Roaming</td>
<td>24/7 Support</td>
<td>Third Party Data Plans</td>
</tr>
<tr>
<td>Telit IoT Modules</td>
<td>Cellular</td>
<td>Location</td>
<td>Short-range</td>
<td>Automotive</td>
<td>Data Cards</td>
</tr>
</tbody>
</table>
Telit is powering end-to-end communication from the lawnmower robot to ZCS’ Ambrogio Connect mobile app.

Data generated by the robot is stored in the Telit IoT Platform, a cloud-based IoT subscription service.

The information is visualized by the mower’s connected app, allowing customers to interact with the robot remotely and securely.

As a result, customers can manage and control their robot anytime and anywhere.
Industrial IoT / Industrie 4.0

Multiple plants in USA, Canada & Mexico
Native connections to PLC, tools and sensors
Manufacturing Critical for data integration - High Reliability
As-Built quality data with ability to scale to market demand and ramp-up new production across facilities

DeviceWISE
Remote Mediation

Sensors & Controls
Enterprise IT
Summary

• Product focus
• Cost reduction and control implemented
• Premium products & capabilities in growing market
• Expected to see double digit growth and stabilised margins
• Trading in Q1 strong
Thank you!