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# Telit Communications PLC

## Update on sale of automotive division, trading and 2019 outlook

**London, 11 December 2018** – Telit Communications PLC (“Telit”, “the Group”, AIM: TCM), a global enabler of the Internet of Things (IoT), provides an update on the sale of its automotive division, trading for the year to 31 December 2018 and plans to reduce the Group’s cost base in 2019 by some \$10 million.

### **Sale of automotive division**

On 13 July 2018, Telit announced the sale of its automotive division to TUS International Limited (“TUS”) for a cash consideration of \$105 million (subject to adjustments on completion and an overall cap of \$125 million). Since that date, the parties have worked hard to satisfy all conditions with the remaining elements being principally receipt of the permission of the Hong Kong Stock Exchange to the publishing of TUS’s shareholder circular with regard to approval of the transaction, the associated approval of TUS’ shareholders and the completion of an internal reorganization by Telit.

The reorganization of Telit is progressing well and is expected to be substantively complete by year end.

The Group now expects TUS to publish its shareholder circular before 31 December 2018 and to complete the transaction by 31 January 2019. Procedural amendments have been made to the agreement between the parties to reflect the amended dates.

### **2018 trading update**

The Group has continued to trade well during the year to date with double digit revenue growth and stabilised gross profit margins. The Group now expects the full year revenue to be \$415-\$425 million and adjusted EBITDA is expected to be \$30-\$35 million. Most importantly, Telit remains on course to deliver a positive ‘profit in cash’ in the second half of 2018 and going into the new financial year.

### **2019 outlook**

Following the appointment of Paolo Dal Pino as Executive Chairman on 21 September 2018, the management team accelerated the Group’s restructuring, streamlining the business and focusing on IoT modules (mainly 4G) and its IoT Platforms and Connectivity operations, which can be bundled with its IoT Modules.

The Group has now identified a further \$10 million of future cost savings. Together with an anticipated increase in revenue and stabilised gross margins, Telit looks forward to significantly improved profitability and cash generation in 2019.

**Sean Shen**, Chief Executive TUS international, commented:

***“We have been working very closely with the Telit team over the last few months to ensure a smooth transfer of business for both employees and customers and look forward to a speedy closing of the transaction.”***

**Paolo Dal Pino**, Executive Chairman of Telit, commented:

***" The expected sale of our automotive division for some \$105 million will reinforce the company's financial position and support its future growth and strategic flexibility.***

***"The core of the business has continued to trade well and in line with our expectations despite the operational and managerial changes during the year.***

***"We are now a much leaner and more efficient organisation with a refocussed go-to-market strategy for our IoT services business. I am confident this will see both an upturn in revenue next year and a material increase in our cash generation."***

#### **Enquiries:**

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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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