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9 July 2020

Telit Communications PLC

Half year trading update

Telit Communications PLC (AIM: TCM "Telit" and "Group") a global enabler of the Internet of Things (IoT), has published a trading update for the first six months to 30 June 2020. The Group expects to publish its interim results during August 2020.

The Group expects to report adjusted EBITDA and profit in cash for the first half ahead of the comparative period (H1 2019: adjusted EBITDA: \$16.0 million; Profit in cash \$2.6 million) despite as, previously indicated, some slowing in customer demand reflecting the impact of COVID-19. Revenues are expected to be approximately \$166.5 million (H1 2019: \$180.3 million, excluding revenue from the divested automotive business). Encouragingly, and demonstrating the positive impact of the strategic refocusing efforts carried out in 2019, IoT Connectivity and Platform Services revenues grew by 11.8 per cent despite market conditions to \$20.9 million (H1 2019: \$18.7 million).

As at 30 June 2020, the Group's net cash position was \$55.7 million (31 December 2019: \$48.2 million) with an improved collection of the receivable due from Titan. The Group is in a robust financial position and continues to benefit from the strategic changes implemented prior to COVID-19, as well as from the cost reduction measures implemented early in the pandemic. Although it is now likely that revenues for the full year will be below those of the previous financial year (2019: \$382.8 million, excluding automotive revenues), the Group still expects to meet board expectations for both Adjusted EBITDA and Profit in cash.

Paolo Dal Pino, Chief Executive Officer, commented:

"We are pleased we were able to improve our first-half result and cash generation versus last year. Management reacted fast to the crisis generated by the COVID-19 pandemic and delivered an effective response to customer demand pressures by executing a targeted programme of cost reductions and increased resilience designed to protect our supply chain, strategic plans and financial targets from material impact. Our bundling strategy, reflected in the continued growth of our IoT Connectivity and Platform service revenues, was a key positive achievement and reinforces the transformation efforts made in recent years."

"The conclusion of the FCA investigation in June, with no finding of any regulatory breaches, is a key milestone for the Group and allows us to start a new chapter with strong financial, operational and governance foundations. Telit is well placed to navigate the current economic pressures and to capitalise on emerging opportunities as markets recover."

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About Telit

Telit (AIM: TCM), is a global leader in Internet of Things (IoT) enablement, with an extensive portfolio of wireless connectivity modules, platforms and virtual cellular IoT operator services, empowering hundreds of millions of connected 'things' to date, and trusted by thousands of direct and indirect customers, globally. With nearly two decades of IoT innovation experience, Telit continues to redefine the boundaries of digital business, by delivering secure, integrated end- to-end IoT solutions for many of the world's largest brands, including enterprises, OEMs, system integrators and service providers across all industries, enabling their pursuit of enterprise digital transformation..

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