

Investor briefing

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Top-tier Vendor with More Than

20 Years

Modules | Connectivity | IoT Services & Solutions

Modules Shipped

→ 170M

~100M expected to ship in 3 years

Managed IoT SIMs

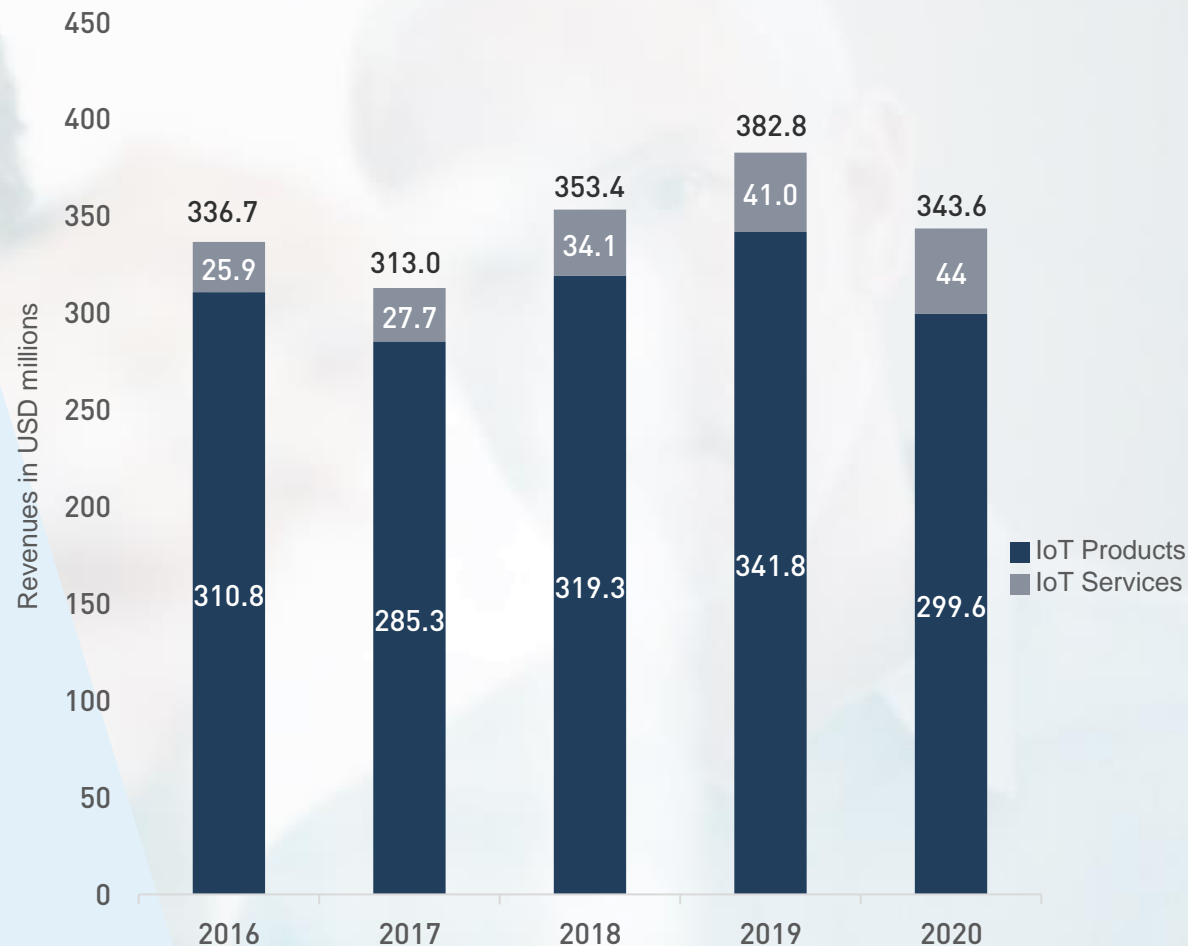
+4.0M

~10M expected to ship in 3 years

2020 Recurring Revenue

~\$37M

85% of our Services revenue



LSE:AIM Symbol: TCM

Source: Telit (Excludes Automotive Revenues)



Proprietary
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2020 highlights

- Further progress in executing our industrial IoT focused strategy
- Extensive global certification for gigabit LTE and 5G data cards
- Telit's high category LTE business continues to excel and grow - setting us up for major design wins on 5G
- Continued growth of IoT Connectivity business with improved profitability
- Successful user trial for Telit core-network based advanced IoT connectivity solution



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> Financials



Segmental revenues

Comments



(Million USD)	2020	2019	Change year over year %
IoT Products	299.6	351.5	(14.8%)
Cloud and Connectivity	44.0	41.0	7.3%
Total	343.6	392.5	(12.5)%
Automotive *	-	(9.7)	
Group Total	343.6	382.8	(10.2)%

- Cloud and Connectivity up by 7.3% in line with strategic refocusing on industrial IoT services
- IoT products decrease attributed mainly to the impact of COVID-19 on customer demand
- 2019 revenues include 2 months from Automotive division prior to divestment

* Automotive- Two months contribution ahead of the disposal



Geographical Markets (excluding automotive)

(Million USD)	2020	2019	Change year over year %
Americas	194.0	194.1	(0.1%)
EMEA	99.4	114.2	(13.0%)
APAC	50.2	74.5	(32.6%)
Total	343.6	382.8 (*)	(10.2%)

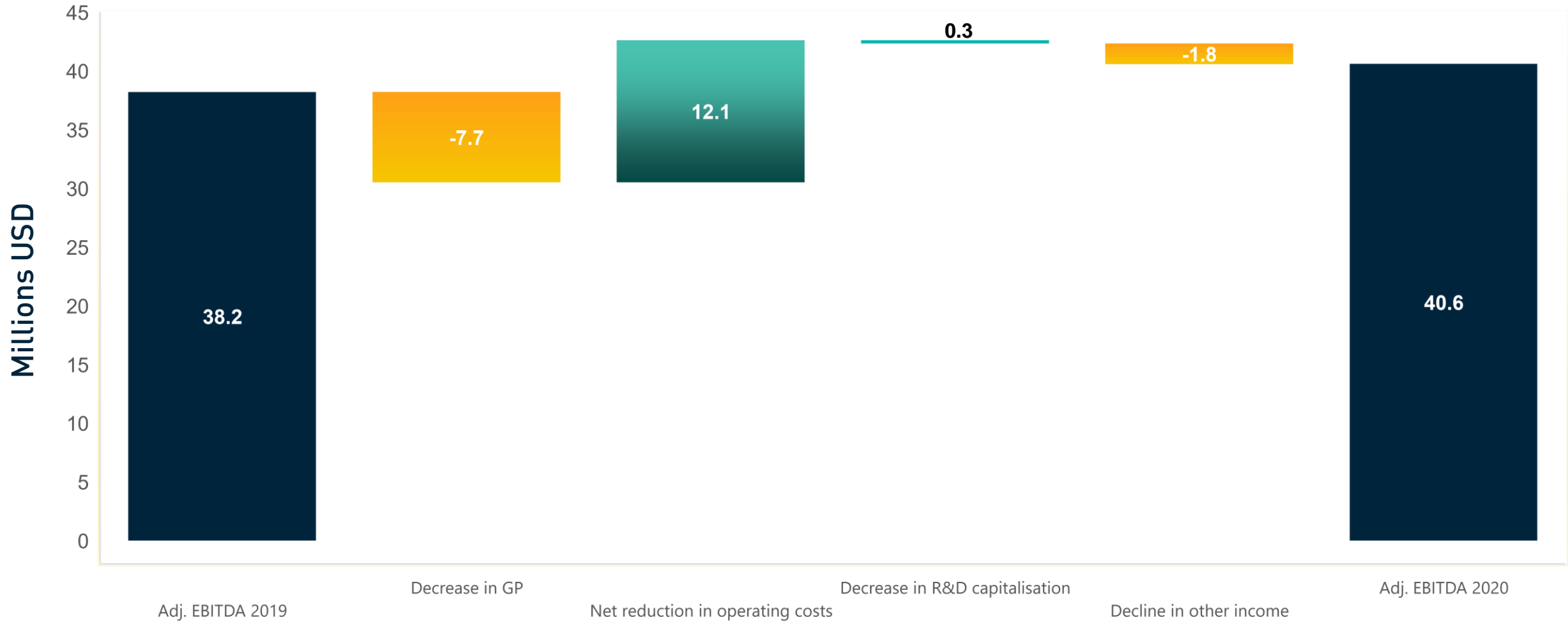
* Excluding Automotive

- Americas- Well positioned to capitalize from post COVID-19 recovery, with resilient demand for LTE
- EMEA- Region most affected by slowdown in demand. Encouraging early signs of new cellular technology adoption
- APAC- Impacted by slowdown in the deployment of a large project. We expect this project to recover in 2021

Gross Profit



Adjusted EBITDA Bridge



Focus on cash generation



R&D Expenses

Comments



(Million USD)	2020	2019	Change
Gross research & development expenses (1)	46.3	53.0 (*)	(6.7)
Less – Capitalisation (2)	(15.0)	(15.3)	0.3
Add – Amortisation	11.8	10.2	1.6
Add – Impairment	0.8	1.3	(0.5)
Research and development	43.9	49.2	(5.3)

* Reclassification

1. Decreased to 13.5% of revenues reflecting the strategic optimisation of the R&D teams completed in 2019 and the removal of automotive R&D from 28 February 2019.
2. Capitalised costs in 2020 mainly relate to the development of additional 4G and 5G products

Cash OPEX

(Million USD)	2020	2019 *	Change \$m
Gross research & development	46.3	52.7 **	(6.7)
Selling and Marketing	45.2	49.8 **	(4.6)
General and Administrative	19.5	21.7 **	(2.2)
Less share-based payment charges	(1.0)	(1.1)	0.1
Less other depreciation and amortisation	(12.5)	(13.1)	0.6
Add back lease expenses in cash	3.9	3.9	-
Total Cash OPEX	101.4	114.2	(12.7)

* 2019, including two months costs of the automotive business.

** After Reclassification

Net Cash

(Million USD)	31.12.2020	31.12.2019
Cash and cash equivalent	101.2	81.3
Restricted cash deposits	0.7	0.6
Total cash	101.9	81.9
Governmental loans	(22.6)	(24.6)
Other long term loan	(9.9)	(5.2)
Working capital borrowing	(5.6)	(3.9)
Total borrowings	(38.1)	(33.7)
Net Cash	63.8	48.2



Cash Flows

(Million USD)	2020	2019	Change
Operating cash flow before working capital (1)	42.6	34.6	8.0
Working capital movements (2)	(1.0)	(20.6)	19.6
Net cash generated from operating activities	41.6	14.0	27.6
Net cash provided by (used in) investing activities (3)	(20.3)	73.4	(93.7)
Net cash used in financing activities (4)	(2.9)	(39.6)	36.7
Increase in cash and cash equivalents	18.4	47.8	(30.5)
Cash and cash equivalents at beginning of period	81.3	35.0	46.3
Effect of exchange rate differences	1.5	(1.5)	3.0
Cash and cash equivalents at end of period	101.2	81.3	19.9

1. Increase driven by improved financial performance
2. Improvement mainly due to collection of receivables, including from Titan
3. Related mainly to investment in equipment and capitalisation of R&D costs
4. Insignificant changes in the borrowing. In 2019 related mainly to the repayment of all bank loans following the sale of the automotive business



Statement of Financial Position

Net Asset (Million USD)	30.6.2020	31.12.2019	Change
Non current assets	96.1	94.9	(1.6)
Current assets (1)	217.2	220.4	(18.5)
Total assets	313.3	315.3	(20.1)
Non current liabilities (2)	35.9	35.1	(4.2)
Current liabilities (3)	129.7	145.8	(19.6)
Total liabilities	165.6	180.9	(23.8)
Net assets	147.7	134.4	3.7

- Decline mainly due to better collection of account receivables including from Titan
- Decline mainly due to loan repayment and decline in a lease liability
- The changes are mainly related to decline in accounts payables and decline in accrued expenses

Conclusion

- Improved operational results, profitability and cash generation thanks to refocused strategy, and effective Covid-19 response
- Fully focused on industrial IoT - well positioned to maintain and grow leading position by increasing differentiation through targeted investment in key areas like 5G
- Mindful of short-term risks but confident that accelerated adoption of IoT will create medium-term benefits with increased customer demand
- Confident in Telit's prospects - committed to delivering value and growth



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