

Press Release

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26 February 2016, 8:00 AM

Zenitel Reports Solid Performance for 2015

Zenitel N.V. (EURONEXT Brussels: ZENT), a leading player in instant and secure audio and data communication, today announced its results for the fiscal year ending 31 December 2015. The comparable figures for 2014 have been restated due to the divestment of the Caribbean company.

- Total revenue amounted to 66.5 million euro, down 1.3 % from 2014.
- EBITDA was 4.9 million euro, up from 4.0 million euro last year.
- EBIT amounted to 2.6 million euro, compared to 2.7 million euro in 2014.
- The divestment of the Caribbean company generated a capital gain of 5.1 million euro.
- The Board of Directors will propose to the General Assembly to pay a one-time dividend to the shareholders of 0.15 euro per share (gross) related to the divestment of the Caribbean company.
- Net profit was 7.3 million euro, against 2.2 million euro last year.
- Net financial cash position of 15.8 million euro at the end of the year, compared to 7.5 million euro at the end of 2014 and provisions are down to 4.1 million euro compared to 4.3 million euro in 2014.

Kenneth Dastol, CEO of Zenitel, commented:

“At the end of 2015, Zenitel successfully closed the divestment of its Caribbean company to the Curacao Growth Fund (CGF). The transaction is in line with Zenitel’s strategy to focus on the further profitable growth of its Vingtor-Stentofon core business. The recurrent EBITDA from this Caribbean company was 1.3 million euro in 2013 and 2014.

As a result of the divestment of the Caribbean company, the Board of Directors will propose to the General Assembly to pay a one-time dividend of 0.15 euro per share (gross).

The European and global economic environment has remained unchanged in 2015. At the end of 2014, the world experienced an important drop in oil prices and this trend continued in 2015. Most actors have reduced significantly their investments in the Oil and Gas markets.

These reduced investments in the Oil and Gas industry have also impacted Zenitel’s business, hence a small decrease on our top line figures (- 1.3% compared to 2014). However, as our strategy is to focus on several business markets, we have been able to partly offset the reduced activity in the Oil and Gas markets with increased business in the Building Security and Public Safety markets.

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Under these challenging circumstances, the commitment of our customers and partners around the world and the dedication of our employees, have allowed Zenitel to continue delivering profitable growth figures.

A remark on our reporting methodology: the technology is moving faster and faster and as a result of this we have decided to expense all R&D costs directly into the P&L from the beginning of 2016. The outstanding capitalized product development expenses will be amortized in accordance with the current amortization policies. Therefore, all intangible assets related to the investments in products will be amortized down to zero in the period 2016 to 2018.

The global economic environment will remain challenging in 2016, especially in the Oil & Gas markets. We will stay focused on our strategy and continue to optimize our organization.”

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Consolidated key figures:

(thousands of euro)	2015	2014	2013	2012	2011
FROM CONSOLIDATED STATEMENT OF PROFIT OR LOSS			Restated		
Revenue	66 498	67 375	62 454	58 877	58 031
Profit before tax	2 295	1 799	1 633	632	553
Profit of the year	7 329	2 214	1 761	883	549
FROM STATEMENT OF FINANCIAL POSITION					
Total assets	54 652	47 904	37 771	41 030	41 221
Shareholders' equity	27 889	21 229	6 884	7 845	5 862
Working capital	2 476	3 341	2 473	1 238	2 171
Total financial debt ⁽²⁾	1 889	2 195	9 365	9 907	11 475
Total provisions ⁽³⁾	4 081	4 316	4 664	5 762	6 270
Cash and cash equivalents	17 551	9 578	3 901	4 975	4 294
ALTERNATIVE PERFORMANCE MEASURES			Restated		
EBITDA ⁽¹⁾	4 928	3 983	3 497	2 927	2 835
Operating profit (EBIT)	2 649	2 721	2 815	1 799	1 480
RATIOS			Restated		
Shareholder's equity ratio	51.0%	44.3%	18.2%	19.1%	14.2%
Net debt ⁽⁴⁾ / EBITDA	-3.2	-1.9	1.6	1.7	2.5
Net debt ⁽⁴⁾ and provisions ⁽³⁾ / EBITDA	-2.3	-0.8	2.1	3.7	4.7
Weighted average number of shares (in thousands)	33 108	33 108	16 441	16 441	16 441
Shareholder's equity/share (EUR)	0.84	0.64	0.42	0.48	0.36
Earnings/share (EUR)	0.22	0.07	0.11	0.05	0.03
ROCE ⁽⁵⁾	25.7%	22.9%	30.2%	16.9%	13.0%
OTHER KEY FIGURES			Restated		
Personnel	283	276	239	217	212

⁽¹⁾ EBITDA: earnings before interest & taxes, depreciation and amortization plus write-offs on current assets and one-time results

⁽²⁾ Total financial debt: long term and short term interest bearing loans and borrowings

⁽³⁾ Total provisions: Retirement benefit obligations plus provisions (both current and non current)

⁽⁴⁾ Net debt: Total debt minus cash and cash equivalents

⁽⁵⁾ ROCE: EBIT / (tangible assets + intangible assets + working capital)

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Discussion of the consolidated key figures:

Revenue in 2015 was 66.5 million euro compared to restated revenue of 67.4 million euro in 2014. The Group sold its Caribbean company in 2015. The revenues are impacted by less investments in the Oil & Gas markets.

With our continued focus on operational efficiency, the **EBITDA** increased to 4.9 million euro compared to the restated EBITDA of 4.0 million euro in 2014, an increase of 23.6%.

The operating profit (EBIT) amounted to 2.6 million euro compared to the restated 2.7 million euro in 2014. We have depreciated 0.5 million euro more in 2015 related to our business and our product development activities.

The **net financial expenses** amounted to 0.7 million euro compared to 1.0 million euro in 2014.

The total consolidated **net result** for the Zenitel Group shows a profit of 7.3 million euro including the net gain on discontinued operations of 5.1 million euro, against 2.2 million euro in 2014.

Earnings per share amounted to 0.22 euro in 2015 against 0.07 euro in 2014.

Total provisions decreased by 0.2 million euro to 4.1 million euro.

At the end of 2015 **total assets** amounted to 54.7 million euro against 47.9 million euro at year end 2014. **Shareholders' equity** increased from 21.2 million euro to 27.9 million euro in 2015 which is mainly as a result of the sale of the Caribbean company in November 2015 and the profitable result of the year. Equity ratio increased from 44.3% to 51.0% in 2015.

Net cash flow of the Zenitel Group amounted to 9.1 million euro in 2015, against 6.6 million euro in 2014. 6.3 million euro net cash was received in December 2015 as a result of the sale of the Caribbean company. Incoming cash from investment activities amounted to 1.2 million euro in 2015 and the cash flow generated from operations amounted to 7.6 million euro in 2015 against 5.5 million euro in 2014. At the end of 2015, Zenitel's net cash and cash equivalents amounted to 15.8 million euro.

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Appendices to this press release:

The following detailed information is included in the annexes to this press release:

- Annex 1: Consolidated statement of profit or loss of the Zenitel group for the year ended 31 December 2015
- Annex 2: Consolidated statement of profit or loss and other comprehensive income of the Zenitel group for the year ended 31 December 2015
- Annex 3: Consolidated statement of financial position of the Zenitel group as at 31 December 2015
- Annex 4: Consolidated statement of changes in equity of the Zenitel group for the year ended 31 December 2015
- Annex 5: Consolidated statement of cash flows of the Zenitel group for the year ended 31 December 2015

Outlook 2016:

The Global economic environment will remain challenging in 2016, especially in the Oil & Gas markets. We will stay focused on our strategy and continue to optimize our organization to continue to generate profitable growth.

Annual Financial Report 2015:

The statutory auditor of Zenitel NV, BDO Bedrijfsrevisoren Burg. Ven. CVBA, represented by Veerle Catry, has confirmed that the audit work, which is substantially complete, has not revealed any significant matters requiring adjustments of the 2015 consolidated financial information included in this press release.

Financial Calendar:

18/03/2016	Publication Annual Report (8:00 AM)
28/04/2016	Annual General Shareholders' Meeting (11:00 AM)
10/08/2016	Press Release Half-Year Results 2016 (8:00 AM)

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Disclaimer:

This press release may contain forward-looking statements. Such statements reflect the current views of Management and the Board of Directors regarding future events and involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Zenitel is providing the information in this press release as of this date and does not undertake any obligation to update any forward-looking statements contained in this press release in light of new information, future events or otherwise. Zenitel disclaims any liability for statements made or published by third parties and does not undertake any obligation to correct inaccurate data, information, conclusions or opinions published by third parties in relation to this or any other press release issued by Zenitel.

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Zenitel has firmly established itself at the intersection of two domains - communication on the one hand, security and safety on the other. As a leading player in instant audio and data communication, Zenitel is the preferred choice in situations that involve the protection of human lives, or the management of critical activities. Zenitel is committed to the success and future objectives of its Secure Communication Systems (SCS) activity that develops and distributes fully integrated communication platforms including Intercom, Public Address and two-way Radio Systems.

Zenitel has a strong presence in both the onshore and offshore secure communications market through its global brand, Vingtor-Stentofon. The brand is recognized globally for offering advanced offshore and onshore communication systems. Vingtor-Stentofon provides integrated security communications for environments where life, property and assets are at stake. Systems interface with other security devices including CCTV, access control and alarm for a comprehensive security solution. Vingtor-Stentofon's primary system offering is within Public Address, Intercom and Radio. The key markets include Building Security & Public Safety, Transportation, Industrial, Oil & Gas and Maritime.

Zenitel is a listed company (Euronext). The statutory headquarter of Zenitel is in Zellik (Brussels) and the operational headquarters is based in Norway.

(*) Representing MFA Projects BVBA

For more information: www.zenitel.com

The enclosed information constitutes regulated information as defined in the Royal Decree of 14 November 2007 regarding the duties of issuers of financial instruments, which have been admitted for trading on a regulated market.

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Annex 1: Consolidated statement of profit or loss of the Zenitel group for the year ended 31 December 2015

(thousands of euro)	Year ended December	
	2015	31st Restated 2014
Continuing operations		
Revenue	66 498	67 375
Raw materials and consumables used	-31 055	-33 695
Employee benefits expenses	-21 558	-20 507
Depreciation and amortization expenses	-1 384	-840
Net impairment on current assets	-895	-422
Consulting expenses	-1 148	-1 818
Facility expenses	-4 392	-4 112
Other expenses	-3 418	-3 261
Total operating expenses	-63 849	-64 654
Operating Profit / (Loss)	2 649	2 721
Finance income	371	82
Finance costs	-414	-633
Net foreign exchange gains / (losses)	-311	-382
Share of profit / (loss) from equity accounted investments	-	11
Profit / (Loss) before tax	2 295	1 799
Income tax expenses	-95	-222
Profit from continuing operations	2 200	1 577
Discontinued operations		
Profit / (loss) on discontinued operations, net of tax	5 129	637
Profit / (loss) for the year	7 329	2 214
Earnings per share		
Weighted average number of ordinary shares in issue ('000)	33 108	33 108
From continuing and discontinued operations		
Basic earnings per share	0.22	0.07
Diluted earnings per share	0.22	0.07

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Annex 2: Consolidated statement of profit or loss and other comprehensive income of the Zenitel group for the year ended 31 December 2015

(thousands of euro)	Year ended December 31st	
	2015	2014
Profit for the year	7 329	2 214
Other comprehensive income		
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
None		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	-844	-718
OCI actuarial gains & losses	6	-251
OCI reclass.adj.to foreign operations disposed of in the year	208	-
OCI on disposal of partial interest on Stentofon Baudisch	-39	-
Other comprehensive income for the period (net of income tax)	-669	-969
Total comprehensive income for the period	6 660	1 245
Attributable to:		
Owners of the Company	6 660	1 245
Non-controlling interests	-	-

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Annex 3: Consolidated statement of financial position of the Zenitel group as at 31 December 2015

(thousands of euro)	Year ended December 31st	
	2015	2014
ASSETS		
<i>Non-current assets</i>		
Property, plant and equipment	705	2 183
Goodwill	3 371	3 561
Other intangible assets	3 737	2 802
Deferred tax assets	2 023	2 147
Financial assets	414	480
<i>Total non-current assets</i>	10 250	11 173
<i>Current assets</i>		
Inventories	6 959	8 102
Contracts in progress	3 109	1 835
Trade and other receivables	14 283	16 124
Deferred charges and accrued income	2 500	1 092
Cash and cash equivalents	17 551	9 578
<i>Total current assets</i>	44 402	36 731
TOTAL ASSETS	54 652	47 904

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(thousands of euro)	Year ended December 31st	
	2015	2014
EQUITY AND LIABILITIES		
Capital and reserves		
Capital	20 000	20 000
Share premium account	5 340	5 340
Reserves	450	1 294
Retained earnings	2 099	-5 405
<i>Equity attributable to owners of the Company</i>	<i>27 889</i>	<i>21 229</i>
Total equity	27 889	21 229
Non-current liabilities		
Borrowings	127	143
Retirement benefit obligations	481	679
Deferred tax liabilities	17	10
Total non-current liabilities	625	832
Current liabilities		
Trade and other payables	20 676	19 881
Borrowings	1 762	2 052
Current tax liabilities	99	273
Retirement benefit obligations	136	219
Provisions	3 465	3 418
Total current liabilities	26 138	25 843
TOTAL EQUITY AND LIABILITIES	54 652	47 904

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Annex 4: Consolidated statement of changes in equity of the Zenitel group for the year ended 31 December 2015

(thousands of euro)	Share capital	Share premium	Cost of Capital increase	Treasury shares	Foreign currency translation reserve	Retained Earnings	Attributable to owners of the parent	Total
Balance at 1 January 2014	10 000	2 380	-	-2 958	2 012	-4 550	6 884	6 884
Profit for the year	-	-	-	-	-	2 214	2 214	2 214
OCI actuarial gain and losses	-	-	-	-	-	-251	-251	-251
Other comprehensive income for the year, net of income tax	-	-	-	-	-718	-	-718	-718
<i>Total comprehensive income for the year</i>	-	-	-	-	-718	1 963	1 245	1 245
Capital increase	10 000	3 244	-284	-	-	-	12 960	12 960
Transfer of treasury shares	-	-	-	2 958	-	-2 818	140	140
Balance at 31 December 2014	20 000	5 624	-284	-	1 294	-5 405	21 229	21 229
Balance at 1 January 2015	20 000	5 624	-284	-	1 294	-5 405	21 229	21 229
Profit for the year	-	-	-	-	-	7 329	7 329	7 329
OCI actuarial gains & losses	-	-	-	-	-	6	6	6
Other comprehensive income for the year, net of income tax	-	-	-	-	-636	-	-636	-636
Reclass. Adj. On foreign operations disposed of in the year	-	-	-	-	-208	208	-	-
OCI on disposal of partial interest on Stentofon Baudisch	-	-	-	-	-	-39	-39	-39
<i>Total comprehensive income for the year</i>	-	-	-	-	-844	7 504	6 660	6 660
Balance at 31 December 2015	20 000	5 624	-284	-	450	2 099	27 889	27 889

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Annex 5: Consolidated statement of cash flows of the Zenitel group for the year ended 31 December 2015

(thousands of euro)	Year ended December 31st	
	2015	2014
Cash flows from operating activities		
Net profit / (Loss) for the year	7 329	2 214
Income tax expense recognized in profit or loss	95	222
Finance cost recognized in profit or loss	414	664
Loss / (gain) from equity accounted investments	-	-11
Investment revenue recognized in profit or loss	-371	-71
Impairment loss recognized on trade receivables	429	2
Impairment loss recognized on inventory	466	388
Profit on sale of discontinued operations, net of tax	-5 129	-
Depreciation and amortization of non-current assets	1 384	1 510
Development costs expensed	2 101	2 026
Cash generated from operating activities before changes in working capital	6 718	6 945
Changes in working capital	1 453	-882
Interest paid	-416	-369
Income taxes paid	-140	-196
Net cash generated from operating activities	7 615	5 498
Cash flows from investing activities		
Interest received	371	71
Proceeds received from minority interest	82	11
Net cash outflow on acquisitions of subsidiaries	-708	-
Payments for property, plant and equipment	-576	-1 161
Disposal of discontinued operations, net of cash	6 305	-
Payments for intangible assets	-2 136	-1 601
Development costs paid	-2 101	-2 026
Net cash (used in) / generated by investing activities	1 237	-4 706
Cash flows from financing activities		
Proceeds from issue of new shares	-	13 243
Proceeds from acquiring subsidiary	294	-
Payment for share issue costs	-	-285
Repayment of borrowings	-15	-7 170
Net cash received / (used) in financing activities	279	5 788
Net (decrease)/increase in cash and cash equivalents	9 131	6 580
Movement in cash and cash equivalents		
At start of the year	7 547	640
Increase / (decrease)	9 131	6 580
Effect of exchange rate changes of cash held in foreign currencies	-867	327
At the end of the year	15 811	7 547
Total Cash and cash equivalents	17 551	9 578
(Used factoring facility)	-1 740	-2 031
Net cash and cash equivalents at the end of the year	15 811	7 547

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