

Press Release

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27 February 2015, 8:00 AM

Zenitel Reports Consistent Growth for 2014

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 2014.

- Total revenue amounted to 71.7 million euro, up 6.4 % from 2013.
- EBITDA was 5.3 million euro, up from 4.8 million euro last year.
- EBIT amounted to 3.4 million euro, up 9.0 % from 2013.
- Net profit was 2.2 million euro, against 1.8 million euro last year, an increase of 25.7%.
- Zenitel is net debt free and provisions are down to 4.3 million euro compared to 4.6 million euro in 2013.

Kenneth Dastol, CEO of Zenitel, commented:

“In the first half of the year, we executed a capital increase doubling the nominated share capital. Each shareholder was given the right to acquire one new share for one existing share. The plan closed successfully at the end of the first half year 2014.

As a direct consequence of the capital increase, Zenitel repaid its existing bank debts and shareholder loans and became net debt free. In June 2014 Zenitel acquired the assets of Etronic, a strategic supplier based in Denmark. Etronic’s operations have been integrated into the wider Zenitel organization.

At the end of 2014 we experienced a dramatic drop in oil prices. The outlook on the capital investments in the Oil & Gas sector remains uncertain.

We have been growing the company over the last years by living our values and executing our strategy. We continue to optimize our organization and to focus on those market segments where we choose to compete and where we are well positioned to continue generating profitable growth.”

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Consolidated key figures:

(thousands of EUR)	2014	2013	2012	2011	2010
FROM CONSOLIDATED STATEMENT OF PROFIT OR LOSS					
Revenue	71 738	67 403	64 706	62 977	66 390
Profit before tax	2 436	1 877	977	612	181
Profit of the year	2 214	1 761	883	549	-1 538

FROM STATEMENT OF FINANCIAL POSITION					
Total assets	47 904	37 771	41 030	41 221	42 712
Shareholders' equity	21 229	6 884	7 845	5 862	5 262
Working capital	3 362	2 473	1 238	2 171	2 210
Total financial debt ⁽²⁾	2 195	9 365	9 907	11 475	12 809
Total provisions ⁽³⁾	4 316	4 664	5 762	6 270	7 484
Cash and cash equivalents	9 578	3 901	4 975	4 294	4 113

ALTERNATIVE PERFORMANCE MEASURES					
EBITDA ⁽¹⁾	5 295	4 770	4 679	4 313	4 157
Operating profit (EBIT)	3 395	3 115	2 221	1 501	147

RATIOS					
Shareholder's equity ratio	44.3%	18.2%	19.1%	14.2%	12.3%
Net debt ⁽⁴⁾ / EBITDA	-1.4	1.1	1.1	1.7	2.1
Net debt ⁽⁴⁾ and provisions ⁽³⁾ / EBITDA	-0.6	2.1	2.3	3.1	3.9
Weighted average number of shares (in thousands)	33 108	16 441	16 441	16 441	16 441
Shareholder's equity/share (EUR)	0.64	0.42	0.48	0.36	0.32
Earnings/share (EUR)	0.07	0.11	0.05	0.03	-0.09
ROCE ⁽⁵⁾	28.5%	30.2%	20.9%	13.2%	1.2%

OTHER KEY FIGURES					
Personnel	309	270	249	246	282

⁽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 2014 was 71.7 million euro, a growth of 4.3 million euro or 6.4% compared to 2013. The SCS revenue increased by 7.8% to 67.2 million euro and the revenue of the Caribbean network operation declined by 10.0% to 4.6 million euro.

SCS is reporting a revenue increase of 4.8 million euro or 7.8 %. This increase is mainly driven by the growth in Merchant Marine and in the Oil and Gas market.

The **Caribbean** operations realized a turnover of 4.6 million euro, 0.5 million euro less than in 2013. However the recurrent revenue stream from the network business remained stable, so the decline in revenue is driven by less new one-off projects.

With our continued focus on operational efficiency, and by reinvesting the profits back into the business for further growth, the **EBITDA** increased from 4.8 million euro to 5.3 million euro, an increase of 11.0%.

The operating profit (EBIT) amounted to 3.4 million euro compared to 3.1 million euro in 2013. The increase of 0.3 million euro or 9.0% is due to increased revenue and reduced depreciation and impairments in 2014.

The **net financial expenses** amounted to 1.0 million euro compared to 1.2 million euro in 2013.

The total consolidated **net result** for the Zenitel Group shows a profit of 2.2 million euro, against 1.8 million euro in 2013.

Earnings per share amounted to 0.07 euro in 2014 against 0.11 euro in 2013.

Total provisions decreased by 0.3 million euro to 4.3 million euro.

At the end of 2014 **total assets** amounted to 47.9 million euro against 37.8 million euro at year end 2013. **Shareholders' equity** increased from 6.9 million euro to 21.2 million euro in 2014 which is mainly as a result of the capital increase of June 2014 and the profitable result of the year. Equity ratio increased from 18.2% to 44.3% in 2014.

Net **cash flow** of the Zenitel Group amounted to 6.6 million euro in 2014, against -2.2 million euro in 2013.

7.2 million euro borrowings were repaid in 2014. The cash outflow from investment activities amounted to 4.7 million euro in 2014 and the cash flow generated from operations amounted to 5.5 million euro in 2014 against 3.6 million euro in 2013. At the end of 2014, Zenitel's net cash and cash equivalents amounted to 7.5 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 2014
- Annex 2: Consolidated statement of profit or loss and other comprehensive income of the Zenitel group for the year ended 31 December 2014
- Annex 3: Consolidated statement of financial position of the Zenitel group as at 31 December 2014
- Annex 4: Consolidated statement of changes in equity of the Zenitel group for the year ended 31 December 2014
- Annex 5: Consolidated statement of cash flows of the Zenitel group for the year ended 31 December 2014
- Annex 6: Segment report

Outlook 2015:

We have been growing the company over the last years by living our values and executing our strategy. We continue to optimize our organization and to focus on those market segments where we choose to compete and where we are well positioned to continue generating profitable growth.

Annual Financial Report 2014:

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 2014 consolidated financial information included in this press release.

Financial Calendar:

19/03/2015	Publication Annual Report (8:00 AM)
28/04/2015	Annual General Shareholders' Meeting (11:00 AM)
12/08/2015	Press Release Half-Year Results 2015 (8:00 AM)

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Disclaimer:

This press release may contain forward-looking statements. Such statements reflect the current views of management 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 organized into two key segments: Secure Communications (Zenitel's own Intercom and Public Address Solutions, Radio systems and Third-Party Products), and Network Services.

Zenitel has a strong presence in both the on-shore and off-shore secure communications market through its global brand, Vingtor-Stentofon. The brand is recognized globally for offering advanced off-shore and on-shore 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 segments 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 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 2014

(thousands of EUR)	Year ended December 31	
	2014	2013
Revenue	71 738	67 403
Raw materials and consumables used	-34 738	-33 434
Employee benefits expenses	-22 061	-20 430
Depreciation and amortization expenses	-1 510	-1 636
Impairment of non-current assets	0	-513
Net impairment on current assets	-390	-18
Consulting expenses	-1 880	-1 209
Facility expenses	-4 518	-4 395
Other expenses	-3 247	-2 652
Total operating expenses	-68 343	-64 288
Operating Profit / (Loss)	3 395	3 115
Finance income	71	54
Finance costs	-664	-1 048
Net foreign exchange gains / (losses)	-376	-263
Share of profit / (loss) from equity accounted investments	11	18
Profit / (Loss) before tax	2 436	1 877
Income tax expenses / (income)	-222	-116
Profit / (loss) for the year	2 214	1 761
Earnings per share		
Weighted average number of ordinary shares in issue ('000)	33 108	16 441
Basic earnings per share	0.07	0.11

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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 2014

(thousands of EUR)	Year ended 31 December	
	2014	2013
Profit for the year	2 214	1 761
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	-718	-2 759
OCI actuarial gains & losses	-251	37
<i>Other comprehensive income for the period (net of income tax)</i>	-969	-2 722
Total comprehensive income for the period	1 245	-961
Attributable to:		
Owners of the Company	1 245	-961
Non-controlling interests	0	0

The accounting policies and notes form an integral part of these consolidated financial statements.

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Annex 3: Consolidated statement of financial position of the Zenitel group as at 31 December 2014

(thousands of EUR)	Year ended 31 December	
	2014	2013
ASSETS		
Non-current assets		
Property, plant and equipment	2 183	1 854
Goodwill	3 561	3 827
Other intangible assets	2 802	2 150
Deferred tax assets	2 147	2 301
Financial assets	480	468
Total non-current assets	11 173	10 600
Current assets		
Inventories	8 102	6 799
Contracts in progress	1 835	1 288
Trade and other receivables	16 124	14 578
Financial assets	0	0
Deferred charges and accrued income	1 092	604
Cash and cash equivalents	9 578	3 901
Total current assets	36 731	27 171
TOTAL ASSETS	47 904	37 771

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(thousands of EUR)	Year ended 31 December	
	2014	2013
EQUITY AND LIABILITIES		
Capital and reserves		
Capital	20 000	10 000
Share premium account	5 340	2 380
Reserves	1 294	10 879
Retained earnings	-5 405	-13 417
Treasury shares	0	-2 958
<i>Equity attributable to owners of the Company</i>	<i>21 229</i>	<i>6 884</i>
Total equity	21 229	6 884
Non-current liabilities		
Borrowings	143	2 895
Retirement benefit obligations	679	735
Deferred tax liabilities	10	9
Provisions	0	0
Total non-current liabilities	832	3 639
Current liabilities		
Trade and other payables	19 881	16 620
Borrowings	2 052	6 469
Current tax liabilities	273	230
Retirement benefit obligations	219	275
Provisions	3 418	3 654
Total current liabilities	25 843	27 248
TOTAL EQUITY AND LIABILITIES	47 904	37 771

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Annex 4: Consolidated statement of changes in equity of the Zenitel group for the year ended 31 December 2014

(thousands of EUR)	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 2013 Restated	25 274	15 115	0	-2 958	4 771	-34 357	7 845	7 845
Profit for the year						1 761	1 761	1 761
OCI actuarial gain and losses						37	37	37
Other comprehensive income for the year, net of income tax					-2 759		-2 759	-2 759
<i>Total comprehensive income for the year</i>	<i>0</i>	<i>0</i>		<i>0</i>	<i>-2 759</i>	<i>1 798</i>	<i>-961</i>	<i>-961</i>
Capital decrease	-15 274	-12 735		0	0	28 009	0	0
Balance at 31 December 2013	10 000	2 380	0	-2 958	2 012	-4 550	6 884	6 884
Balance at 1 January 2014	10 000	2 380	0	-2 958	2 012	-4 550	6 884	6 884
Profit for the year						2 214	2 214	2 214
OCI actuarial gains & losses						-251	-251	-251
Other comprehensive income for the year, net of income tax					-718	0	-718	-718
<i>Total comprehensive income for the year</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>-718</i>	<i>1 963</i>	<i>1 245</i>	<i>1 245</i>
Capital increase	10 000	3 244	-284		0		12 960	12 960
Transfer of treasury shares				2 958		-2 818	140	140
Balance at 31 December 2014	20 000	5 624	-284	0	1 294	-5 405	21 229	21 229

The accounting policies and notes form an integral part of these consolidated financial statements.

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Annex 5: Consolidated statement of cash flows of the Zenitel group for the year ended 31 December 2014

(thousands of EUR)	Year ended 31 December	
	2014	2013
Cash flows from operating activities		
Net profit / (Loss) for the year	2 214	1 761
Income tax expense recognized in profit or loss	222	115
Finance cost recognized in profit or loss	664	1 048
Loss / (gain) on effective settlement	0	-513
Loss / (gain) from equity accounted investments	-11	-18
Investment revenue recognized in profit or loss	-71	-54
Impairment loss recognized on trade receivables	2	0
Impairment loss recognized on inventory	388	18
Depreciation and amortization of non-current assets	1 510	1 636
Impairment of non-current assets	0	513
Development costs expensed	2026	2264
Cash generated from operating activities before changes in w	6 945	6 769
Changes in working capital	-882	-2 163
Interest paid	-369	-932
Income taxes paid	-196	-115
Net cash generated from operating activities	5 498	3 559
Cash flows from investing activities		
Interest received	71	54
Proceeds received from minority interest	11	18
Payments for property, plant and equipment	-1 161	-836
Payments for intangible assets	-1 601	-1 064
Development costs paid	-2 026	-2 264
Net cash (used in) / generated by investing activities	-4 706	-4 091
Cash flows from financing activities		
Proceeds from issue of new shares	13 243	0
Payment for share issue costs	-285	0
Repayment of borrowings	-7 170	-1 713
Net cash received / (used) in financing activities	5 788	-1 713
Net (decrease)/increase in cash and cash equivalents	6 580	-2 245
Movement in cash and cash equivalents		
At start of the year	640	2 885
Increase / (decrease)	6 580	-2 245
Effect of exchange rate changes of cash held in foreign currencies	327	0
At the end of the year	7 547	640
Total Cash and cash equivalents	9 578	3 901
(Used factoring facility)	-2 031	-2 199
(Bank overdrafts)	0	-1 062
Net cash and cash equivalents at the end of the year	7 547	640

The accounting policies and notes form an integral part of these consolidated financial statements.

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Annex 6: Segment revenue and results of the Zenitel group for the year ended 31 December 2014

(thousands of EUR) Year ended 31 December	Segment revenue		EBITDA ⁽¹⁾		One time items		Segment result ⁽²⁾	
	2014	2013	2014	2013	2014	2013	2014	2013
Secure Communication Systems (SCS)	67 174	62 331	5 221	4 701	0	0	3 960	4 028
Caribbean	4 564	5 071	1 311	1 269	0	(573)	673	(274)
All Segments	71 738	67 403	6 532	5 970	0	(573)	4 633	3 755
Unallocated operations	0	0	(1 238)	(1 200)	0	573	(1 239)	(640)
Total	71 738	67 403	5 295	4 770	0	0	3 395	3 115
Financial results					0	0	(959)	(1 238)
Income tax expense					0	0	(222)	(116)
Total Profit / (loss) for the period					0	0	2 214	1 761

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

⁽²⁾ In the table above, the Segment result per segment comprises earnings before interest & taxes, including one-time results, excluding gains or losses on disposals of subsidiaries.

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