

Press Release

Regulated information

17 February 2017, 8:00 AM

Zenitel Reports Increased Profitability for 2016

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 ended 31 December 2016.

- Total revenue amounted to 63.5 million euro compared to 66.5 million euro in 2015.
- EBITDA was 4.8 million euro, which is in line with last year.
- EBIT amounted to 2.5 million euro, compared to 2.6 million euro in 2015.
- Net profit from continuing operations was 2.6 million euro, against 2.2 million euro last year.
- Financial cash position of 19.2 million euro at the end of the year, compared to 17.6 million euro at the end of 2015.

Kenneth Dastol, CEO of Zenitel, commented:

"We are very pleased with the operational performance of the Group in 2016. Last year, we announced to change our reporting methodology as the technology is moving faster and faster. Therefore, we decided to expense all R&D costs directly into the P&L. In 2015 we capitalized 1.0 million euro. When we apply the new methodology to the 2015 figures, we have a 22.0% improvement on EBITDA in 2016.

Reduced investments in the Oil and Gas industry have impacted Zenitel's business in 2016, hence the decrease in revenue (- 4.5%). However, as our strategy is to focus on several business markets and geographies, we have been able to partly compensate the reduced activity in the Oil and Gas markets with increased returns from the Building Security and Public Safety markets.

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

Even if the global economic environment will remain uncertain in 2017, Zenitel will stay focused on its strategy and continue to optimize its operations."

Press Release

Regulated information

Consolidated key figures:

(thousands of euro)	2016	2015	2014*	2013*	2012*
FROM CONSOLIDATED STATEMENT OF PROFIT OR LOSS					
Revenue	63 473	66 498	67 375	62 454	58 877
Profit before tax	2 617	2 295	1 799	1 633	632
Profit of the year	2 561	7 329	2 214	1 761	883
FROM STATEMENT OF FINANCIAL POSITION					
Total assets	47 494	54 652	47 904	37 771	41 030
Shareholders' equity	26 718	27 889	21 229	6 884	7 845
Working capital	1 535	2 475	3 341	2 473	1 238
Total financial debt ⁽²⁾	2 511	1 889	2 195	9 365	9 907
Total provisions ⁽³⁾	5 215	4 081	4 316	4 664	5 762
Cash and cash equivalents	19 249	17 551	9 578	3 901	4 975
ALTERNATIVE PERFORMANCE MEASURES					
EBITDA ⁽¹⁾	4 828	4 928	3 983	3 497	2 927
Operating profit (EBIT)	2 483	2 649	2 721	2 815	1 799
RATIOS					
Shareholder's equity ratio	56.3%	51.0%	44.3%	18.2%	19.1%
Net debt ⁽⁴⁾ / EBITDA	-3.5	-3.2	-1.9	1.6	1.7
Net debt ⁽⁴⁾ and provisions ⁽³⁾ / EBITDA	-2.4	-2.3	-0.8	2.1	3.7
Weighted average number of shares (in thousands)**	33 058	33 108	33 108	16 441	16 441
Shareholder's equity/share (EUR)	0.81	0.84	0.64	0.42	0.48
Earnings/share (EUR)	0.08	0.22	0.07	0.11	0.05
ROCE ⁽⁵⁾	30.9%	25.8%	22.9%	30.2%	16.9%
OTHER KEY FIGURES					
FTE	266	283	276	239	217
<p>⁽¹⁾ EBITDA: earnings before interest & taxes, depreciation and amortization plus write-offs on current assets and one-time results</p> <p>⁽²⁾ Total financial debt: long term and short term interest bearing loans and borrowings</p> <p>⁽³⁾ Total provisions: Retirement benefit obligations plus provisions (both current and non current)</p> <p>⁽⁴⁾ Net debt: Total debt minus cash and cash equivalents</p> <p>⁽⁵⁾ ROCE: EBIT / (tangible assets + intangible assets + working capital)</p> <p>(*) Restated due to divestment Caribbean Company in 2015</p> <p>(**) Acquisition of treasury shares in 2016</p> <p>Zenitel stopped capitalizing R&D in 2016. Average annual capitalized R&D for 2012-2015 was 1.0 million euro per year.</p>					

Press Release

Regulated information

Discussion of the consolidated key figures:

Revenue in 2016 was 63.5 million euro compared to 66.5 million euro in 2015. The revenue is primarily impacted by reduced investments in the Oil & Gas markets.

Due to our continued focus on operational efficiency, the **EBITDA** in 2016 ended at 4.8 million euro, which is in line with 2015. In 2015 we capitalized 1.0 million euro in R&D on our balance sheet compared to zero in 2016 due to the change of reporting methodology.

The operating profit (EBIT) amounted to 2.5 million euro compared to the 2.6 million euro in 2015. At the end of 2015 we also reduced the amortization of capitalized R&D from 5 to 3 years. This means that we amortized 1.0 million euro R&D in 2016 compared to 0.6 million euro last year. The change in reporting methodology has therefore impacted the 2016 figures with 1.4 million euro more in expenses compared to last year.

The **net financial expenses** amounted to 0.01 million euro compared to 0.7 million euro in 2015.

The total consolidated **net result** from continuing operations for the Zenitel Group shows a profit of 2.6 million euro against 2.2 million euro in 2015.

Earnings per share amounted to 0.08 euro in 2016 against 0.22 euro in 2015, which included the net gain on discontinued operations of 5.1 million euro.

Total provisions increased by 1.1 million euro to 5.1 million euro.

At the end of 2016 **total assets** amounted to 47.5 million euro against 54.7 million euro at year end 2015. **Shareholders' equity** decreased from 27.9 million euro to 26.7 million euro in 2016 which is mainly as a result of the dividend payment to shareholders of the Company in May 2016 and the profitable result of the year. Equity ratio increased from 51.0% to 56.3% in 2016.

Net cash flow of the Zenitel Group amounted to 1.3 million euro in 2016, against 8.8 million euro in 2015. 6.3 million euro net cash was received in December 2015 as a result of the sale of the Caribbean company. The income from investment activities amounted to 0.01 million euro in 2016 and the cash flow generated from operations amounted to 5.7 million euro in 2016 against 7.6 million euro in 2015. At the end of 2016, Zenitel's cash and cash equivalents amounted to 19.2 million euro.

Press Release

Regulated information

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 2016
- Annex 2: Consolidated statement of profit or loss and other comprehensive income of the Zenitel group for the year ended 31 December 2016
- Annex 3: Consolidated statement of financial position of the Zenitel group as at 31 December 2016
- Annex 4: Consolidated statement of changes in equity of the Zenitel group for the year ended 31 December 2016
- Annex 5: Consolidated statement of cash flows of the Zenitel group for the year ended 31 December 2016

Outlook 2017:

Although there are indications of increased investments in the oil and gas industry because of the higher oil prices, we remain prudent, believing that the global economic environment remains uncertain in 2017. Zenitel remains focused on its strategy and continue optimizing its operations to generate profitable growth.

Declaration of the auditor:

The statutory auditor of Zenitel NV, EY Bedrijfsrevisoren BCVBA, represented by Marnix Van Dooren, has confirmed that the audit work, which is substantially complete, has not revealed any significant matters requiring adjustments of the 2016 consolidated financial information included in this press release.

Financial Calendar:

17/03/2017	Publication Annual Report (8:00 AM)
28/04/2017	Annual General Shareholders' Meeting (11:00 AM)
09/08/2017	Press Release Half-Year Results 2017 (8:00 AM)

Press Release

Regulated information

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.

Contact Zenitel:

For further information, please contact:

Mr. Kenneth Dastol, CEO: +47 4000 2511

Mr. Mark Küpers, CFO: +47 4000 2715

Mr. Johan Meersman, Corporate Finance & Compliance (*): +32 478 47 58 42

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 a 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.

Press Release

Regulated information

Annex 1: Consolidated statement of profit or loss of the Zenitel group for the year ended 31 December 2016

(thousands of euro)	Year ended 31 December	
	2016	2015
Continuing operations		
Revenue	63 473	66 498
Raw materials and consumables used	-28 769	-31 055
Employee benefits expenses	-21 008	-21 558
Depreciation and amortization expenses	-1 830	-1 384
Net impairment on current assets	-515	-895
Consulting expenses	-1 225	-1 148
Facility expenses	-4 124	-4 392
Other expenses	-3 519	-3 419
Total operating expenses	-60 990	-63 849
Operating Profit / (Loss)	2 483	2 649
Finance income	139	371
Finance costs	-364	-414
Net foreign exchange gains / (losses)	359	-311
Share of profit / (loss) from equity accounted investments	0	0
Profit / (Loss) before tax	2 617	2 295
Income tax income/ (expenses)	-56	-95
Profit from continuing operations	2 561	2 200
Discontinued operations		
Profit / (loss) on discontinued operations, net of tax	0	5 129
Profit / (loss) for the year	2 561	7 329
Earnings per share		
Weighted average number of ordinary shares in issue ('000)	33 058	33 108
From continuing and discontinued operations		
Basic earnings per share	0.08	0.22
Diluted earnings per share	0.08	0.22

Press Release

Regulated information

Annex 2: Consolidated statement of profit or loss and other comprehensive income of the Zenitel group for the year ended 31 December 2016

(thousands of euro)	Year ended 31 December	
	2016	2015
Profit for the year	2 561	7 329
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	1 284	-844
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
OCI actuarial gains & losses	5	6
OCI reclass.adj.to foreign operations disposed of in the year	0	208
OCI on disposal of partial interest on Stentofon Baudisch	0	-39
Other comprehensive income for the period (net of income tax)	1 289	-669
Total comprehensive income for the period	3 850	6 660
Attributable to:		
Owners of the Company	3 850	6 660
Non-controlling interests	-	-

Press Release

Regulated information

Annex 3: Consolidated statement of financial position of the Zenitel group as at 31 December 2016

(thousands of euro)	Year ended 31 December	
	2016	2015
ASSETS		
Non-current assets		
Property, plant and equipment	569	705
Goodwill	3 553	3 371
Other intangible assets	2 382	3 737
Deferred tax assets	2 072	2 023
Financial assets	260	414
Total non-current assets	8 836	10 250
Current assets		
Inventories	6 392	6 959
Contracts in progress	75	3 109
Trade and other receivables	11 603	14 283
Deferred charges and accrued income	1 339	2 500
Cash and cash equivalents	19 249	17 551
Total current assets	38 658	44 402
TOTAL ASSETS	47 494	54 652

Press Release

Regulated information

(thousands of euro)	Year ended 31 December	
	2016	2015
EQUITY AND LIABILITIES		
<i>Capital and reserves</i>		
Capital	20 000	20 000
Share premium account	5 340	5 340
Reserves	1 734	450
Retained earnings	-301	2 099
Treasury shares	-55	0
<i>Equity attributable to owners of the Company</i>	<u>26 718</u>	<u>27 889</u>
Total equity	26 718	27 889
<i>Non-current liabilities</i>		
Borrowings	107	127
Retirement benefit obligations	380	481
Deferred tax liabilities	11	17
Total non-current liabilities	498	624
<i>Current liabilities</i>		
Trade and other payables	13 026	20 676
Borrowings	2 404	1 762
Current tax liabilities	13	99
Retirement benefit obligations	107	136
Provisions	4 728	3 465
Total current liabilities	20 278	26 138
TOTAL EQUITY AND LIABILITIES	47 494	54 652

Press Release

Regulated information

Annex 4: Consolidated statement of changes in equity of the Zenitel group for the year ended 31 December 2016

(thousands of euro)	Share capital	Share premium	Cost of Capital increase	Treasury shares	Foreign currency translation	Retained Earnings	Attributable to owners of the parent	Total
Balance at 1 January 2015	20 000	5 624	-284	0	1 294	-5 405	21 229	21 229
Profit for the year						7 329	7 329	7 329
OCI actuarial gain and 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	0	0
OCI on disposal of partial interest on Stentofon Baudisch						-39	-39	-39
<i>Total comprehensive income for the year</i>	0	0	0	0	-844	7 504	6 660	6 660
Balance at 31 December 2015	20 000	5 624	-284	0	450	2 099	27 889	27 889
Balance at 1 January 2016	20 000	5 624	-284	0	450	2 099	27 889	27 889
Profit for the year						2 561	2 561	2 561
OCI actuarial gains & losses						5	5	5
Other comprehensive income for the year, net of income tax					1 284	0	1 284	1 284
<i>Total comprehensive income for the year</i>	0	0	0	0	1 284	2 566	3 850	3 850
Cash dividends	0	0	0			-4 966	-4 966	-4 966
Acquisition of treasury shares				-55		0	-55	-55
Balance at 31 December 2016	20 000	5 624	-284	-55	1 734	-301	26 718	26 718

Press Release

Regulated information

Annex 5: Consolidated statement of cash flows of the Zenitel group for the year ended 31 December 2016

(thousands of euro)	Year ended 31 December	
	2016	2015
Cash flows from operating activities		
Net profit / (Loss) for the year	2 561	7 329
Income tax expense recognized in profit or loss	56	95
Finance cost recognized in profit or loss	364	414
Finance income recognized in profit or loss	-139	-371
Impairment loss recognized on trade receivables	231	429
Impairment loss recognized on inventory	284	466
Profit on sale of discontinued operations, net of tax	-	-5 129
Depreciation and amortization of non-current assets	1 830	1 384
Development costs expensed (*)	-	2 101
Cash generated from operating activities before changes in working capital	5 187	6 718
Changes in working capital	839	1 454
Interest paid	-364	-416
Income taxes paid	-4	-140
Net cash generated from operating activities	5 658	7 616
Cash flows from investing activities		
Interest received	35	371
Proceeds received from minority interest	42	82
Net cash outflow on acquisitions of subsidiaries	-	-708
Payments for property, plant and equipment	-220	-576
Disposal of discontinued operations, net of cash	186	6 305
Payments for intangible assets	-35	-2 136
Development costs paid (*)	-	-2 101
Net cash (used in) / generated by investing activities	8	1 237
Cash flows from financing activities		
Proceeds from acquiring subsidiary	-	294
Dividend paid to equity holders of the parent	-4 966	-
Acquisition of treasury shares	-55	-
Movement in used factoring facility	642	-290
Repayment of borrowings	-19	-15
Net cash received / (used) in financing activities	-4 398	-11
Net (decrease)/increase in cash and cash equivalents	1 267	8 841
Movement in cash and cash equivalents		
At start of the year	17 551	9 577
Increase / (decrease)	1 267	8 841
Effect of exchange rate changes of cash held in foreign currencies	431	-867
At the end of the year	19 249	17 551
Total Cash and cash equivalents	19 249	17 551
Net cash and cash equivalents at the end of the year	19 249	17 551

(*) in 2016 development costs are no longer capitalized. See also disclosed in note 8 of the 2016 annual report.