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Vecima Reports Third Quarter 2015 Results Adjusted EBITDA Increases 20% YOY, Gross Margin Climbs to 57%, Cash Balance Increases to \$56.6M

VICTORIA – (May 14, 2015) – Vecima Networks Inc. (TSX:VCM), an experienced designer and manufacturer of innovative technology in the broadband equipment market, today reported financial results for the three months ended March 31, 2015.

FINANCIAL HIGHLIGHTS

<i>(Canadian dollars in millions except percentages, employees, and per share data)</i>	Q3FY15	Q2FY15	Q3FY14
Revenue	\$23.2	\$23.7	\$22.6
Gross margin	57%	52%	52%
Adjusted EBITDA ¹	\$7.5	\$6.3	\$6.2
Net income	\$3.6	\$3.7	\$3.4
Earnings per share ²	\$0.16	\$0.17	\$0.15
Adjusted earnings per share ^{1,2}	\$0.19	\$0.15	\$0.15
Cash and short-term investments	\$56.6	\$52.0	\$42.1
Employees	500	506	520
¹ Adjusted EBITDA and Adjusted Earnings Per Share do not have a standardized meaning under IFRS and therefore may not be comparable to similar measures provided by other issuers. See "Adjusted EBITDA and Adjusted Earnings Per Share" below. ² Based on weighted average number of shares outstanding.			

"We delivered outstanding financial results in the third quarter with adjusted EBITDA increasing to \$7.5 million and the best gross margin in Vecima's corporate history," said Sumit Kumar, President and CEO. "This strong performance reflects particularly strong uptake of our Terrace QAM products during the quarter along with a strengthening in demand for our Terrace family of products compared to Q2. The healthy product demand, together with a stronger US dollar, offset the anticipated slowdown in digital video access platform orders during the quarter. We further increased our cash balance to a new high of \$56.6 million, while continuing to pay out our dividend and increasing our investment in new products."

"Going forward we anticipate continued strong demand for our market-leading Terrace and Terrace QAM families of products from tier 1 service providers. As we work to complete development of our new Terrace TC600E and TransQAM platforms in the short term, longer term developments of next generation platforms are well underway. We share our leading customers' view that a new league of platforms will be required to effectively fulfill the need for gigabit class broadband speeds and an IP based video ecosystem. Our next generation of platforms will play in this league," said Mr. Kumar.

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Based on the Company's continued favourable performance and positive outlook, Vecima's Board of Directors declared a quarterly dividend, consistent with its previously announced dividend policy, of \$0.045 on May 13, 2015. The dividend will be payable on June 19, 2015 to shareholders of record as at May 26, 2015.

MULTIPLE SYSTEM OPERATOR (MSO) PRODUCTS

Terrace Family

- Third quarter sales of Terrace family products were \$7.5 million, compared to \$8.1 million in Q3 fiscal 2014. On a sequential quarterly basis, Q3 2015 sales increased by 31% from the \$5.7 million of sales generated in Q2 2015. Vecima's Terrace product line remains the de facto standard for providing a high quality video service to the commercial premise once the cable operator converts to an all-digital network. While the initial lead MSO customer for the Terrace Family of products has long ago completed its network conversion to all-digital, this customer continues to deploy as it fills in the all-digital network with new commercial service contracts. Meanwhile, Vecima is supplying other MSOs in the process of shifting to all-digital and announced a major new customer in January. Deployments to the new customer contributed to the sequential increase in Terrace family sales in the third quarter.
- Development of the new Terrace TC600E platform is nearing the stage where customer trials can be completed. The TC600E will provide support for MPEG-4 and high definition inputs enabling cable operators to free up valuable network capacity for additional revenue-generating services.

Terrace QAM

- Sales of Terrace QAM increased 134% to \$9.6 million in Q3 2015, from \$4.1 million in the same period in fiscal 2014. On a sequential quarterly basis, sales of Terrace QAM increased 16% from \$8.3 million in Q2 2015. The year-over-year and sequential quarterly sales growth was driven by very strong demand from Vecima's lead customer. Overall, deployment volume of Terrace QAM, including the new TransQAM platform, is expected to remain in the range of second and third quarter levels. Terrace QAM is purpose designed for the hospitality industry, providing an elegant platform over which cable operators can deliver a leading high-definition service offering.

CABLE HEADEND

Digital Video Access Platform (DVAP)

- As anticipated, DVAP sales declined to almost nil in the third quarter after a large volume of deliveries were made to the lead customer in Q2 2015. DVAP product deliveries are expected to gradually transition to the deployment levels anticipated under Vecima's supply agreement, although continued quarter-to-quarter variations in sales orders are anticipated. To date, Vecima has shipped \$8.6 million of DVAP to the lead customer against the \$19 million contract commitment.

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Within the Broadband Wireless segment, the Company has recently initiated a restructuring of operations related to its software defined radio products where continued weakness in defense spending has resulted in significant declines. Vecima will begin to rationalize operations in the fourth quarter as focus is increased on more promising opportunities for Converged Wired Solutions.

OUTLOOK FOR FISCAL 2015

In its annual MD&A for fiscal 2014, the Company provided the following outlook for fiscal 2015:

- Sales to be in the range of \$90.0 million to \$100.0 million;
- Gross margins to be in the 46% to 51% range;
- Adjusted EBITDA to be in the range of \$21.0 million to \$26.0 million; and
- To continue to monetize non-core assets when the Company believes it will support shareholder value maximization.

Given the strength of the US dollar, the Company is making the following adjustments to its outlook for fiscal 2015:

- Gross margin for the year to be in the 51% to 53% range; and
- Adjusted EBITDA for the year to be \$25.5 million or higher.

CONFERENCE CALL

A conference call and live audio webcast will be held on May 14, 2015 at 1 p.m. ET to discuss the Company's third quarter results. Vecima's audited condensed interim consolidated financial statements and management's discussion and analysis for the three months ended March 31, 2015 are available under the Company's profile at www.SEDAR.com, and at <http://www.vecima.com/financials/>.

To participate in the teleconference, dial 1-800-319-4610 or 1-604-638-5340. The webcast will be available in real time at <http://services.choruscall.ca/links/vecima150514.html> and will be archived on the Vecima website at <http://www.vecima.com/shareholder-events/>.

About Vecima Networks

Vecima Networks Inc. (TSX:VCM) designs, manufactures and sells products that enable broadband access to cable, wireless and telephony networks. Vecima's hardware products incorporate original embedded software to meet the complex requirements of next-generation, high-speed digital networks. Service providers use Vecima's solutions to deliver services to a converging worldwide broadband market, including what are commonly known as "triple play" (voice, video and data) and "quadruple play" (voice, video, data and wireless) services. Vecima's solutions allow service providers to rapidly and cost-effectively bridge the final network segment that connects the system directly to end-users, commonly referred to as "the last mile", by overcoming the bottleneck resulting from insufficient carrying capacity in legacy, last mile infrastructures. Vecima's products are directed at two principal markets:

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Converged Wired Solutions and Broadband Wireless. The Company has also developed and continues to focus on developing products to address emerging markets such as Voice over Internet Protocol, fibre to the home and IP video. More information is available at our website at www.vecima.com.

Adjusted EBITDA and Adjusted Earnings Per Share

Adjusted EBITDA and Adjusted Earnings Per Share do not have a standardized meaning under IFRS and therefore may not be comparable to similar measures provided by other issuers. Accordingly, investors are cautioned that Adjusted EBITDA or Adjusted Earnings Per Share should not be construed as an alternative to net income, determined in accordance with IFRS, as an indicator of the Company's financial performance or as a measure of its liquidity and cash flows. For a reconciliation of Adjusted EBITDA or Adjusted Earnings Per Share, investors should refer to Vecima's Management's Discussion and Analysis for the third quarter of fiscal 2015.

Forward-Looking Statements

This news release contains "forward-looking information" within the meaning of applicable securities laws. Forward-looking information is generally identifiable by use of the words "believes", "may", "plans", "will", "anticipates", "intends", "could", "estimates", "expects", "forecasts", "projects" and similar expressions, and the negative of such expressions. Forward-looking information in this news release includes statements about: we anticipate continued strong demand for our market-leading Terrace and Terrace QAM families of products from tier 1 service providers; a new league of platforms will be required to effectively fulfill the need for gigabit class broadband speeds; our next generation of platforms will play in this league; TC600E will provide support for MPEG-4 and high definition inputs; volume of Terrace QAM, including the new TransQAM platform, is expected to remain in the range of second and third quarter levels; DVAP product deliveries are expected to gradually transition to the deployment levels anticipated under Vecima's supply agreement; and Vecima will begin to rationalize operations in the fourth quarter as focus is increased on more promising opportunities.

In connection with the forward-looking information contained in this news release, Vecima has made numerous assumptions, regarding, among other things: our large customers will continue to have demand for our products; we are able to develop new products for customers; competition that serves the same markets will not have an adverse effect on the business; we are able to adapt to technological changes; we are able to design to new standards and compete with new products; third party contractors are able to deliver on time and budget; we will be able to deliver based on the terms of our key contracts; currency fluctuations may impact overall results; larger cable operator budgets are not static and suppliers will provide parts in a timely fashion; we will not experience production capacity constraints; and the rationalization of operations may cause our operating results to fluctuate. While Vecima considers these assumptions to be reasonable, these assumptions are inherently subject to significant uncertainties and contingencies. Additionally, there are known and unknown risk factors which could cause Vecima's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information contained herein. Known risk factors include, among others: we derive a substantial part of our revenue from a few large customers; our success depends on our ability to develop new products and enhance our existing products; increased competition could have an adverse effect on our business; our inability to adapt to technological change, new products and standards could harm our business; our reliance on third-party suppliers and contract manufacturers reduces our control over our performance; competition from new or existing technologies may adversely affect our business; we may be unable to deliver products associated with key contracts; currency fluctuations may adversely affect our

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business; the budgeting cycles of larger cable operators can also result in quarter-to-quarter variability in customer orders, while availability of parts and production capacity can influence the timing of product deliveries; and our operating results are expected to fluctuate.

A more complete discussion of the risks and uncertainties facing Vecima is disclosed under the heading "Risk Factors" in the Company's Annual Information Form dated September 25, 2014, as well as the Company's continuous disclosure filings with Canadian securities regulatory authorities available at www.sedar.com. All forward-looking information herein is qualified in its entirety by this cautionary statement, and Vecima disclaims any obligation to revise or update any such forward-looking information or to publicly announce the result of any revisions to any of the forward-looking information contained herein to reflect future results, events or developments, except as required by law.

Vecima Networks

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VECIMA NETWORKS INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(unaudited - in thousands of Canadian Dollars)

	March 31, 2015	June 30, 2014
Assets		
Current assets		
Cash and cash equivalents	\$ 12,871	\$ 15,282
Short-term investments	43,687	33,197
Accounts receivable	13,827	11,736
Inventories	23,064	24,974
Prepaid expenses	960	824
	94,409	86,013
Non-current assets		
Property, plant and equipment	21,044	21,459
Assets held for resale	-	7
Intangible assets	15,530	13,377
Investment tax credit	29,629	26,776
Deferred tax asset	6,213	9,643
	\$ 166,825	\$ 157,275
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 10,811	\$ 9,697
Provisions	1,045	1,080
Income tax payable	32	123
Deferred revenue	1,837	2,171
Current portion of long-term debt	250	250
	13,975	13,321
Non-current liabilities		
Other long-term liabilities	81	143
Provisions	1,734	1,380
Long-term debt	2,771	2,958
	18,561	17,802
Shareholders' equity		
Share capital	378	171
Reserves	3,150	2,808
Retained earnings	144,736	136,494
	148,264	139,473
	\$ 166,825	\$ 157,275

VECIMA NETWORKS INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(unaudited - in thousands of Canadian dollars except net income per share data)

	Three months ended March 31,		Nine months ended March 31,	
	2015	2014	2015	2014
Sales	\$ 23,197	\$ 22,592	\$ 70,037	\$ 65,835
Cost of sales	10,049	10,782	33,049	33,877
Gross margin	13,148	11,810	36,988	31,958
Operating expenses				
Research and development	2,431	2,135	6,916	6,183
Sales and marketing	1,542	1,402	4,608	4,014
General and administrative	3,860	3,983	11,528	12,159
Impairment of intangible assets	1,035	-	1,035	-
Stock-based compensation	129	5	403	18
Other (income)	(25)	(50)	(507)	(14,433)
	8,972	7,475	23,983	7,941
Operating income	4,176	4,335	13,005	24,017
Finance costs	22	48	89	134
Finance income	628	383	2,253	1,203
Income before income taxes	4,782	4,670	15,169	25,086
Income tax expense	1,229	1,272	3,911	4,838
Net income and total comprehensive income	\$ 3,553	\$ 3,398	\$ 11,258	\$ 20,248
Net income per share				
Basic	\$ 0.16	\$ 0.15	\$ 0.50	\$ 0.91
Diluted	\$ 0.16	\$ 0.15	\$ 0.50	\$ 0.91
Weighted average number of common shares				
Shares outstanding - basic	22,350,958	22,328,159	22,340,292	22,325,125
Shares outstanding - diluted	22,418,410	22,345,037	22,396,352	22,343,818

VECIMA NETWORKS INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(unaudited - in thousands of Canadian dollars)

	Share Capital	Reserves	Retained Earnings	Total
Balance as at June 30, 2013	\$ 12,191	\$ 2,794	\$ 122,163	\$ 137,148
Net income and total comprehensive income	-	-	20,248	20,248
Dividends	-	-	(10,271)	(10,271)
Shares issued by exercising options	36	(8)	-	28
Return of capital to shareholders	(12,057)	-	-	(12,057)
Share-based payment expense	-	18	-	18
Balance as at March 31, 2014	\$ 170	\$ 2,804	\$ 132,140	\$ 135,114
Balance as at June 30, 2014	\$ 171	\$ 2,808	\$ 136,494	\$ 139,473
Net income and total comprehensive income	-	-	11,258	11,258
Dividends	-	-	(3,016)	(3,016)
Shares issued by exercising options	207	(61)	-	146
Share-based payment expense	-	403	-	403
Balance as at March 31, 2015	\$ 378	\$ 3,150	\$ 144,736	\$ 148,264

VECIMA NETWORKS INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited - in thousands of Canadian dollars)

	Three months ended March 31,		Nine months ended March 31,	
	2015	2014	2015	2014
Cash flows from operating activities				
Net income and total comprehensive income	\$ 3,553	\$ 3,398	\$ 11,258	\$ 20,248
Add (deduct) items not requiring cash				
Loss on sale of property, plant and equipment	36	20	162	7
Gain on sale of assets held for resale	-	-	-	(14,027)
Gain on sale of intangible assets	-	-	(493)	-
Depreciation of property, plant and equipment	778	816	2,260	2,433
Amortization of deferred development costs	670	617	2,052	1,819
Amortization of finite-life intangible assets	8	20	32	96
Impairment of intangible assets	1,035	-	1,035	-
Stock-based compensation	129	5	403	18
Income tax expense	78	174	481	948
Deferred income tax expense	1,151	1,098	3,430	3,890
Interest expense	22	48	89	134
Interest income	(6)	(133)	(520)	(522)
Decrease in other long-term liabilities	(19)	(39)	(62)	(127)
Increase in provisions	146	(6)	319	175
Increase in investment tax credit	(197)	(207)	(364)	(762)
Net change in non-cash working capital relating to operations	2,220	2,477	531	2,888
Interest paid	(36)	(43)	(107)	(113)
Interest received	6	134	520	508
Income tax received	-	16	-	4,695
Income tax paid	(158)	(238)	(623)	(955)
	9,416	8,157	20,403	21,353
Cash flows used in investing activities				
Purchase of property, plant and equipment	(542)	(796)	(2,023)	(2,097)
Proceeds from the sale of property, plant and equipment	13	26	16	79
Proceeds from the sale of assets held for resale	-	-	500	17,465
Purchase of short-term investments	(179)	(3,630)	(23,655)	(33,627)
Proceeds on sale of short-term investments	-	-	13,165	24,185
Deferred development costs	(1,953)	(1,682)	(6,399)	(4,015)
Purchase of indefinite and finite-life intangible assets	(1,346)	(19)	(1,361)	(40)
	(4,007)	(6,101)	(19,757)	1,950
Cash flows used in financing activities				
Proceeds from shares issued through exercised options	59	-	146	27
Return of capital to shareholders	-	-	-	(12,057)
Dividends paid	(1,006)	-	(3,016)	(10,271)
Repayment of long-term debt	(62)	(62)	(187)	(208)
	(1,009)	(62)	(3,057)	(22,509)
Increase (decrease) in cash during the period	4,400	1,994	(2,411)	794
Cash and cash equivalents, beginning of period	8,471	5,948	15,282	7,148
Cash and cash equivalents, end of period	\$ 12,871	\$ 7,942	\$ 12,871	\$ 7,942