Vecima Reports Q4 and Fiscal 2015 Year-End Results; Quarterly Dividend Increased

- **Adjusted EBITDA and Gross Margin Set New Records**
- **Cash Balance Increases to $59.7M**
- **Quarterly Dividend Increased 22% to $0.055 per share**

VICTORIA – (September 25, 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 and twelve months ended June 30, 2015. Yesterday, Vecima's Board of Directors announced an increase in the Company's quarterly cash dividend to $0.055 per share, from $0.045 previously. The dividend will be payable on October 30, 2015 to shareholders of record as at October 9, 2015.

"We closed the 2015 fiscal year and fourth quarter with record adjusted EBITDA and gross margin, a cash balance of $59.7 million, and financial results that met or exceeded our guidance on all metrics," said Sumit Kumar, Vecima Networks' President and CEO. "Our results reflect robust sales of our Terrace QAM and Terrace family products and continued tight operating performance across the business. We also benefitted from favourable market conditions including increased all-digital conversion activity by cable operators and a stronger U.S. dollar that enhanced our excellent performance."

FINANCIAL HIGHLIGHTS

(Canadian dollars in millions except percentages, employees, and per share data)	Q4FY15	Q3FY15		FY2015	FY2014
Revenue	$24.0	$23.2		$94.0	$90.7
Gross margin	59%	57%		54%	49%
Adjusted EBITDA[1]	$8.3	$7.5		$29.0	$23.1
Net income	$3.9	$3.6		$15.1	$24.6
Earnings per share (based on weighted average number shares outstanding)	$0.17	$0.16		$0.68	$1.10
Adjusted earnings per share[1] (based on weighted average number shares outstanding)	$0.20	$0.19		$0.73	$0.56
Cash and short-term investments	$59.7	$56.6		$59.7	$48.5
Employees	489	500		489	507

[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.*

"I'm pleased to report that our new product momentum continued to build in the fourth quarter with the TC600E enjoying rapid market acceptance and our new TransQAM platform nearing completion of field testing. Both of these products provide support for state-of-the-art MPEG-4 HD video, which delivers a 30-to-50% savings in network capacity to support operators' video offerings."

"In other parts of our business, YourLink was awarded $4.6 million in Industry Canada funding during the fourth quarter. That funding will be matched by Vecima and used to undertake a significant upgrade and expansion of our Saskatchewan network infrastructure over the next two years. This will increase our addressable market by over 40,000 households, bringing the availability of high-speed Internet, at 5Mbps or more, to many rural residents for the first time."

"Vecima is firing on all cylinders, particularly in the Converged Wired Solutions space where we are a leading supplier to cable MSO customers moving to all-digital networks. We believe the next major evolution for our customers will be towards gigabit class broadband speeds and an IP-based video ecosystem. Several of North America's leading cable MSOs have already announced their intention to transition to faster, more flexible network solutions like DOCSIS 3.1. Moving into fiscal 2016, we remain focused on providing the solutions that enable our customers to leverage innovative technologies and compete more effectively," said Mr. Kumar.

"Based on our favourable performance and positive outlook, our Board of Directors approved an increase in the quarterly dividend to $0.055 per share. We are delighted to be rewarding our investors for their ongoing confidence in Vecima and look forward to continuing to increase shareholder value in fiscal 2016."

MULTIPLE SYSTEM OPERATOR (MSO) PRODUCTS

Terrace QAM

- Sales of Terrace QAM increased 85% to $9.7 million in Q4 2015, from $5.2 million in the same period in fiscal 2014. On a sequential quarterly basis, sales of Terrace QAM were similar to the very strong $9.6 million level achieved in Q3 2015. The robust third and fourth quarter performance was driven by continued strong demand from Vecima's lead customer. Deployment volumes of Terrace QAM are expected to remain strong in fiscal 2016, supported in part by the addition of the new TransQAM version. Terrace QAM is designed for the hospitality industry, providing an elegant platform over which cable operators can deliver a leading high-definition service offering.

Terrace Family

- Fourth quarter sales of Terrace family products were $6.7 million, compared to $7.9 million in Q4 2014 and $7.5 million in Q3 2015. Fluctuations in quarterly sales reflect the different stages of network conversion activity by various MSO customers. Terrace family products remain the leading choice of MSOs undertaking all-digital network conversions. The attractiveness of the solution has been further enhanced by the recent introduction of the MPEG-4 capable TC600E. As previously announced, two additional Tier 1 MSOs have selected the Terrace family for network wide all-digital conversions and are expected to carry out significant deployments of the TC600E throughout fiscal year 2016.

CABLE HEADEND

Digital Video Access Platform

- Vecima reported DVAP sales of $0.4 million in the fourth quarter, up from nil in Q3 2015. As anticipated, DVAP sales were minimal in both the third and fourth quarters following a large volume of deliveries in the second quarter of fiscal 2015. Vecima is delivering this product to the lead customer under a USD$19 million take-or-pay contract.

BROADBAND WIRELESS

- Sales in the Broadband Wireless segment increased 104% to $0.9 million in Q4 2015, from $0.4 million in the same quarter in fiscal 2014. On a sequential quarterly basis, sales increased 55% compared to Q3 2015. The increases largely reflect last-time purchases prior to the discontinuation of certain software-defined radio products. During the fourth quarter of 2015, Vecima continued with the restructuring of operations related to its software-defined radio products in response to continued weakness in defense spending.

OUTLOOK FOR FISCAL 2016

Vecima will continue to execute on its growth strategy which focuses on delivering highly desirable products as well as accessing new markets and new customers.

For fiscal 2016, management expects:

- sales to be in the range of $100 to $108 million;
- gross margin to be in the range of 52% to 57%; and,
- adjusted EBITDA to be in the range of $28 to $33 million.

CONFERENCE CALL

A conference call and live audio webcast will be held today, September 25, 2015 at 1 p.m. ET to discuss the Company's fourth quarter and year-end results. Vecima's audited consolidated financial statements and management's discussion and analysis for the three months and year ended June 30, 2015 are available under the Company's profile at www.SEDAR.com, and at 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/vecima20150925.html and will be archived on the Vecima website at 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: 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 fourth quarter and year-end 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: Vecima's Board of Directors increase in the Company's quarterly cash dividend to $0.055 per share, from $0.045; the dividend payable on October 30, 2015 to shareholders of record as at October 9, 2015; the new TransQAM platform nearing completion of field testing; Industry Canada funding being matched by Vecima and used to undertake the significant upgrade and expansion of Vecima's Saskatchewan network infrastructure; increasing addressable YourLink market by over 40,000 households; belief that the next major evolution for customers will be towards gigabit class broadband speeds and an IP-based video ecosystems; looking forward to increasing shareholder value in fiscal 2016; the deployment volumes of Terrace QAM and new TransQAM; Terrace family products remaining the leading choice of MSOs undertaking all-digital network conversions; additional Tier 1 MSOs expecting to carry out significant deployments of the TC600E throughout fiscal 2016; Vecima delivering product to a lead customer under a USD$19 million take-or-pay contract; Vecima continuing to execute on its growth strategy; and the financial outlook for 2016.

In connection with the forward-looking information contained in this news release, Vecima has made numerous assumptions, regarding, among other things: we will continue to pay dividends; that MSOs continue to upgrade to all-digital networks; that Vecima is able to continue its relationships with its few large customers; we are able to develop new products for customers; competition that serves the same market(s) will not have an adverse effect on the business; we are able to adapt to technological changes - designing to new standards and competing 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 do not adversely affect Vecima; larger cable operator budgets are not static; suppliers will provide parts in a timely fashion; Vecima manages its business and its growth successfully; Vecima does not experience production capacity constraints; and the rationalization of operations could 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: future quarterly dividends will be subject to approval of the Board of Directors; Vecima derives a substantial part of its revenue from a few large customers; Vecima may be unable to deliver products associated with key contracts; failure to manage Vecima's business or its growth successfully may adversely affect its operating results; if Vecima cannot meet customers' requirements for manufacturing capacity, sales may suffer; our inability to adapt to technological change, new products and standards could harm our business; if Vecima is required to change its pricing models to compete successfully, Vecima's margins and operating results may be adversely affected; competition from new or existing technologies may adversely affect Vecima's business; Vecima's reliance on third-party suppliers and contract manufacturers reduces its control over its performance; currency fluctuations may adversely affect Vecima; 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 24, 2015, 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.

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VECIMA NETWORKS INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(in thousands of Canadian dollars)

	June 30, 2015	June 30, 2014
Assets		
Current assets		
Cash and cash equivalents	**$ 12,777**	$ 15,282
Short-term investments	**46,894**	33,197
Accounts receivable	**13,114**	11,736
Income tax receivable	**172**	-
Inventories	**22,948**	24,974
Prepaid expenses	**1,297**	824
	97,202	86,013
Non-current assets		
Property, plant and equipment	**20,011**	21,459
Assets held for resale	**-**	7
Intangible assets	**16,107**	13,377
Investment tax credit	**24,261**	26,776
Deferred tax asset	**10,491**	9,643
	$ 168,072	$ 157,275
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**$ 9,186**	$ 9,697
Provisions	**716**	1,080
Income tax payable	**-**	123
Deferred revenue	**2,264**	2,171
Current portion of long-term debt	**250**	250
	12,416	13,321
Non-current liabilities		
Other long-term liabilities	**63**	143
Provisions	**1,561**	1,380
Long-term debt	**2,708**	2,958
	16,748	17,802
Shareholders' equity		
Share capital	**488**	171
Reserves	**3,228**	2,808
Retained earnings	**147,608**	136,494
	151,324	139,473
	$ 168,072	$ 157,275

VECIMA NETWORKS INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands of Canadian dollars except net income per share data)

	Year ended June 30, 2015	2014
Sales	**$ 94,048**	$ 90,705
Cost of sales	**42,967**	45,831
Gross margin	**51,081**	44,874
Operating expenses		
Research and development	**9,337**	8,186
Sales and marketing	**6,125**	5,855
General and administrative	**15,496**	15,802
Impairment of intangible assets	**1,192**	295
Impairment of property, plant and equipment	**457**	-
Stock-based compensation	**502**	23
Other income	**(394)**	(15,175)
	32,715	14,986
Operating income	**18,366**	29,888
Finance income	**632**	458
Foreign exchange gain	**1,791**	269
Income before income taxes	**20,789**	30,615
Income tax expense	**5,652**	6,013
Net income and total comprehensive income	**$ 15,137**	$ 24,602
Net income per share		
Basic	**$ 0.68**	$ 1.10
Diluted	**$ 0.68**	$ 1.10
Weighted average number of common shares		
Shares outstanding - basic	**22,348,093**	22,325,125
Shares outstanding - diluted	**22,404,153**	22,346,667

VECIMA NETWORKS INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(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	-	-	24,602	24,602
Dividends	-	-	(10,271)	(10,271)
Shares issued by exercising options	37	(9)	-	28
Return of capital to shareholders	(12,057)	-	-	(12,057)
Share-based payment expense	-	23	-	23
Balance as at June 30, 2014	171	2,808	136,494	139,473
Net income and total comprehensive income	-	-	15,137	15,137
Dividends	-	-	(4,023)	(4,023)
Shares issued by exercising options	317	(82)	-	235
Share-based payment expense	-	502	-	502
Balance as at June 30, 2015	**$ 488**	**$ 3,228**	**$ 147,608**	**$ 151,324**

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

	Year ended June 30, 2015	2014
Cash flows from operating activities		
Net income and total comprehensive income	**$ 15,137**	$ 24,602
Adjustments to reconcile net income to cash from operating activities	**13,150**	(2,167)
(Decrease) in other long-term liabilities	**(80)**	(163)
(Decrease) increase in provisions	**(183)**	189
(Decrease) increase in investment tax credit	**(942)**	6,308
Net change in non-cash working capital relating to operations	**295**	(1,353)
Interest paid	**(130)**	(189)
Interest received	**735**	657
Income tax received	**-**	4,695
Income tax paid	**(844)**	(1,003)
	27,138	31,576
Cash flows used in investing activities		
Purchase of property, plant and equipment	**(2,254)**	(2,979)
Proceeds from the sale of property, plant and equipment	**19**	13,502
Proceeds from the sale of assets held for resale	**500**	4,078
Purchase of short-term investments	**(27,362)**	(38,958)
Proceeds on sale of short-term investments	**13,665**	30,460
Deferred development costs	**(8,807)**	(6,929)
Purchase of indefinite and finite-life intangible assets	**(1,366)**	(44)
	(25,605)	(870)
Cash flows used in financing activities		
Proceeds from shares issued through exercised options	**235**	27
Return of capital to shareholders	**-**	(12,057)
Dividends paid	**(4,023)**	(10,271)
Repayment of long-term debt	**(250)**	(271)
	(4,038)	(22,572)
(Decrease) increase in cash during the year	**(2,505)**	8,134
Cash and cash equivalents, beginning of year	**15,282**	7,148
Cash and cash equivalents, end of year	**$ 12,777**	$ 15,282