Vecima networks Press Release

February 11, 2016

Vecima Reports Q2 Fiscal 2016 Results

- **Adjusted EBITDA Climbs 61% YOY to $10.1 million**
- **Cash Balance improves by $5.6 million to $71.9 million**
- **FY16 Adjusted EBITDA outlook raised $4 million to $33-$37 million**

VICTORIA – (February 11, 2016) – 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 six months ended December 31, 2015.

"Q2 was another exceedingly successful three months for Vecima where we recorded $10.1 million in EBITDA and continued to grow our cash balance. We are pleased to be seeing this level of success as we execute our plan for current and next generation platforms," said Sumit Kumar, Vecima Networks' President and CEO.

FINANCIAL HIGHLIGHTS

(Canadian dollars in millions except percentages, employees, and per share data)	Q2FY16	Q1FY16		Q2FY15
Revenue	$27.7	$26.5		$23.7
Gross margin	55%	56%		52%
Adjusted EBITDA[1]	$10.1	$9.6		$6.3
Net income	$6.5	$6.0		$3.7
Earnings per share (based on weighted average number shares outstanding)	$0.29	$0.27		$0.17
Adjusted earnings per share[1] (based on weighted average number shares outstanding)	$0.29	$0.27		$0.15
Cash and short-term investments	$71.9	$66.3		$52.0
Employees	476	470		506
[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.*				

"Strong demand for our Terrace family and Terrace QAM product lines, together with the positive impact of a strengthening U.S. dollar, remained the key factors in achieving these results," added Mr. Kumar. "Our new TC600E platform has enjoyed strong demand from Multiple System Operators through the first half of fiscal 2016. The TC600E supports our customers' network-wide digital conversions with a robust solution and state-of-the-art MPEG-4 HD video capabilities. Market acceptance has been rapid and widespread and we expect this product will continue to perform well through the balance of fiscal 2016."

"With a very solid first half behind us and a positive outlook going forward, we have updated our financial guidance for fiscal 2016 to reflect higher sales and EBITDA expectations for the year. We are also in excellent shape financially with a strong balance sheet and $71.9 million in cash. This positions us to continue pursuing our growth strategy, which includes continued development of our next-generation broadband access platform and the continued pursuit of acquisition opportunities that meet our strategic priorities," said Mr. Kumar. "The future continues to be very promising for Vecima."

As previously reported, Vecima's Board of Directors declared a quarterly dividend of $0.055 per share for the period. The dividend will be payable on March 21, 2016 to shareholders of record on February 25, 2016.

OUTLOOK FOR FISCAL 2016

In its annual MD&A for fiscal 2015, the Company provided the following outlook for fiscal 2016:

- Sales in the range of $100.0 million to $108.0 million;
- Gross margins in the 52% to 57% range; and
- Adjusted EBITDA in the range of $28.0 million to $33.0 million.

Given its first half performance and the strength of the US dollar, the Company is making the following adjustments to its outlook for fiscal 2016:

- Sales are expected to be in the higher-end of the previously guided range; and
- Adjusted EBITDA in the range of $32.0 million to $37.0 million.

CONFERENCE CALL

A conference call and live audio webcast will be held today, February 11, 2016 at 1 p.m. ET to discuss the Company's second quarter results. Vecima's unaudited consolidated financial statements and management's discussion and analysis for the three and six months ended December 31, 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 1-604-638-9020. The webcast will be available in real time at http://services.choruscall.ca/links/vecima20160211.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, fiber 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 first quarter of fiscal 2016.

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 include the following statements: Market acceptance of TC600E has been rapid and widespread and we expect this product will continue to perform well through the balance of fiscal 2016; a positive outlook going forward; the dividend payable on March 21, 2016 to shareholders of record as at February 25, 2016; to continue pursuing our growth strategy, which includes continued development of our next-generation broadband access platform and the continued pursuit of acquisition opportunities that meet our strategic priorities; The future is continuing to be very promising for Vecima; 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.

Vecima Networks

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

	December 31, 2015	June 30, 2015
Assets		
Current assets		
Cash and cash equivalents	**$ 10,636**	$ 12,777
Short-term investments	**61,284**	46,894
Accounts receivable	**7,639**	13,114
Income tax receivable	**171**	172
Inventories	**27,568**	22,948
Prepaid expenses	**1,280**	1,297
	108,578	97,202
Non-current assets		
Property, plant and equipment	**20,244**	20,011
Intangible assets	**18,623**	16,107
Investment tax credit	**20,798**	24,261
Deferred tax asset	**11,088**	10,491
	$ 179,331	$ 168,072
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**$ 10,462**	$ 9,186
Provisions	**727**	716
Deferred revenue	**1,892**	2,264
Current portion of long-term debt	**250**	250
	13,331	12,416
Non-current liabilities		
Other long-term liabilities	**58**	63
Provisions	**1,662**	1,561
Long-term debt	**2,583**	2,708
	17,634	16,748
Shareholders' equity		
Share capital	**517**	488
Reserves	**3,471**	3,228
Retained earnings	**157,709**	147,608
	161,697	151,324
	$ 179,331	$ 168,072

The accompanying notes are an integral part of these consolidated financial statements.

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 December 31,		Six months ended December 31,	
	2015	2014	**2015**	2014
Sales	**$ 27,683**	$ 23,712	**$ 54,231**	$ 46,840
Cost of sales	**12,375**	11,422	**23,974**	23,000
Gross margin	**15,308**	12,290	**30,257**	23,840
Operating expenses				
Research and development	**2,383**	2,383	**4,781**	4,485
Sales and marketing	**1,238**	1,785	**2,540**	3,066
General and administrative	**3,576**	3,794	**7,334**	7,558
Stock-based compensation	**115**	271	**250**	274
Other income	**(11)**	(407)	**(22)**	(372)
	7,301	7,826	**14,883**	15,011
Operating income	**8,007**	4,464	**15,374**	8,829
Finance income	**167**	162	**347**	262
Foreign exchange gain	**500**	286	**1,100**	1,296
Income before income taxes	**8,674**	4,912	**16,821**	10,387
Income tax expense	**2,159**	1,221	**4,258**	2,682
Net income and total comprehensive income	**$ 6,515**	$ 3,691	**$ 12,563**	$ 7,705
Net income per share				
Basic	**$ 0.29**	$ 0.17	**$ 0.56**	$ 0.34
Diluted	**$ 0.29**	$ 0.16	**$ 0.56**	$ 0.34
Weighted average number of common shares				
Shares outstanding - basic	**22,380,619**	22,340,225	**22,379,467**	22,335,076
Shares outstanding - diluted	**22,450,439**	22,396,285	**22,431,806**	22,391,136

The accompanying notes are an integral part of these consolidated financial statements.

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, 2014	$ 162	$ 2,817	$ 136,494	$ 139,473
Net income and total comprehensive income	-	-	7,705	7,705
Dividends	-	-	(2,010)	(2,010)
Shares issued by exercising options	116	(29)	-	87
Share-based payment expense	-	274	-	274
Balance as at December 31, 2014	$ 278	$ 3,062	$ 142,189	$ 145,529
Balance as at June 30, 2015	**$ 488**	**$ 3,228**	**$ 147,608**	**$ 151,324**
Net income and total comprehensive income	-	-	12,563	12,563
Dividends	-	-	(2,462)	(2,462)
Shares issued by exercising options	29	(7)	-	22
Share-based payment expense	-	250	-	250
Balance as at December 31, 2015	**$ 517**	**$ 3,471**	**$ 157,709**	**$ 161,697**

The accompanying notes are an integral part of these consolidated financial statements.

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

	Three months ended December 31, 2015	Three months ended December 31, 2014	Six months ended December 31, 2015	Six months ended December 31, 2014
Cash flows from operating activities				
Net income and total comprehensive income	**$ 6,515**	$ 3,691	**$ 12,563**	$ 7,705
Adjustments to reconcile net income to cash from operating activities	**3,391**	2,378	**6,766**	5,215
Increase (decrease) in other long-term liabilities	**9**	(20)	**(5)**	(43)
Increase in provisions	**31**	87	**112**	173
Increase in investment tax credit	**(80)**	(100)	**(109)**	(167)
Net change in non-cash working capital relating to operations	**1,563**	(1,857)	**2,263**	(1,689)
Interest paid	**(26)**	(33)	**(57)**	(71)
Interest received	**206**	191	**419**	329
Income tax received	**1**	-	**1**	-
Income tax paid	**(5)**	(141)	**(8)**	(465)
	11,605	4,196	**21,945**	10,987
Cash flows used in investing activities				
Purchase of property, plant and equipment	**(1,461)**	(543)	**(1,853)**	(1,481)
Proceeds from the sale of property, plant and equipment	**-**	-	**6**	3
Proceeds from the sale of assets held for resale	**-**	500	**-**	500
Purchase of short-term investments	**(10,189)**	(2,197)	**(14,390)**	(23,476)
Proceeds on sale of short-term investments	**-**	3,380	**-**	13,165
Deferred development costs	**(2,082)**	(2,277)	**(5,316)**	(4,446)
Purchase of indefinite and finite-life intangible assets	**(10)**	(7)	**(20)**	(15)
	(13,742)	(1,144)	**(21,573)**	(15,750)
Cash flows used in financing activities				
Proceeds from shares issued through exercised options	**10**	77	**22**	87
Proceeds from government grants	**52**	-	**52**	-
Dividends paid	**(2,462)**	(2,010)	**(2,462)**	(2,010)
Repayment of long-term debt	**(63)**	(63)	**(125)**	(125)
	(2,463)	(1,996)	**(2,513)**	(2,048)
Increase (decrease) in cash during the period	**(4,600)**	1,056	**(2,141)**	(6,811)
Cash and cash equivalents, beginning of period	**15,236**	7,415	**12,777**	15,282
Cash and cash equivalents, end of period	**$ 10,636**	$ 8,471	**$ 10,636**	$ 8,471

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