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BATM Advanced Communications Ltd
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BATM Advanced Communications Limited

("BATM" or "the Group")

Trading and Business Update

BATM Advanced Communications Limited (LSE: BVC; TASE: BATM), a leading provider of real-time technologies for the networked telecoms and medical laboratory equipment markets, provides the following trading and business update for the 12 months ended 31 December 2013 ahead of its full year results announcement on 25 February 2014.

The Group anticipates that revenue for full year 2013 will be in line with expectations at approximately \$114m. This reflects a better-than-expected performance in the Medical division and a Telecom division that is stabilizing and at the beginning of its recovery process. Specifically, in the fourth quarter, the Medical division's revenue increased by 20% over the comparative period in 2012. This was due to growth in all three businesses of the division, including the commencement of the contribution to revenue from the medical sterilization unit being marketed by a leading vendor in the US. The diagnostics business performed well, including but not limited to the first sales of its HIV kits, and increased its contribution to revenue in the fourth quarter compared with the equivalent period in 2012.

The Telecom division received less-than-expected revenue from clients in the US and Latin America in the fourth quarter, and suffered from a 10% appreciation of the Israeli shekel against the US dollar during 2013 compared with 2012. Whilst the decrease in revenue in the Telecom division was offset by the performance of the Medical division, the latter has lower profit margins than the Telecom division and consequently, as a result of the higher revenue contribution from the Medical division, the Group expects EBITDA (before share-based payments) for 2013 to be below market expectations at approximately \$2m-\$2.5m.

For 2014, the Medical division is expected to continue to expand globally with an increased focus on both diagnostics and medical waste solutions. The Group is expanding production capacity to cope with the increased orders in the sterilization and the diagnostics businesses. As a result, the Group expects to maintain the division's momentum of 2013 into 2014, with higher sales and improving gross margins.

Whilst the Telecom division continues to be vulnerable to macro-economic conditions, including that network operators are deliberating over upgrading their

systems and the appreciation of the Israeli shekel, the Group expects that trading in this division will firmly stabilise after the first quarter of 2014 and progressively improve thereafter. In the final quarter, Mr Ariel Efrati, who had joined the Group in September 2013 as Chief Operating Officer of BATM, took over as Managing Director of the Telecom division and has commenced driving the business forward in line with the division's new strategy, introduced in Q3 2013, of focusing on Tier 1 and larger customers as well as providing existing customers with state-of-the-art networking equipment.

BATM will provide further details on trading and its outlook for 2014 in its full year results announcement.

Enquiries

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