

Vecima Reports Q1 Fiscal 2013 Results

VICTORIA – (November 13, 2012) – 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 September 30, 2012. All figures are in Canadian dollars and in accordance with International Financial Reporting Standards (“IFRS”) unless otherwise stated.

FINANCIAL HIGHLIGHTS

<i>(CAD dollars in millions except percentages, headcount, and per share data)</i>	Q1FY2013	Q4FY2012	Q1FY2012
Revenue	24.9	28.7	20.0
Gross Margin	40%	38%	37%
EBITDA ¹	8.4	4.5	1.7
Adjusted EBITDA ¹ <i>(removes gains on sale of assets and stock-based compensation)</i>	4.5	4.5	1.6
Net income or (loss)	5.3	1.7	(0.7)
Earnings or (Loss) per share <i>(based on weighted average number shares outstanding)</i>	\$0.24	\$0.07	(\$0.03)
Cash and marketable securities	25.7	19.5	7.8
Headcount	619	624	603
¹ EBITDA is not a recognized measure under IFRS and, accordingly, investors are cautioned that EBITDA should not be construed as an alternative to net income, determined in accordance with IFRS, as an indicator of our financial performance or as a measure of our liquidity and cash flows. For a reconciliation of EBITDA and adjusted EBITDA, investors should refer to Management’s Discussion and Analysis for the current quarter.			

“Vecima is encouraged by the strong results in gross margin and cash flow generated through operations. These improvements were achieved despite the decrease in revenue from a strong fourth quarter in our last fiscal year,” said Dr. Surinder Kumar, CEO of Vecima.

Vecima’s Q1 revenue was \$24.9 million, gross margin improved to 40%, EBITDA increased from \$4.5 to \$8.4 million and adjusted EBITDA was \$4.5 million. Gross margin improved because of the increased efficiency and higher sales in new products.

As announced in July 2012, Vecima sold a parcel of non-serviced land in Saskatoon and received proceeds of approximately \$4.0 million. The Company also sold a small number of radio spectrum licenses for \$0.4 million in Q1.

MSO BUSINESS SERVICES

Terrace Family

- Sales increased 7% to \$8.7 million compared to \$8.1 million in Q4 of FY12. Vecima continues to see consistent uptake of its TC1200, TC1000 and TC600 products by its MSO customers.
- Revenue from TC600 increased over the last three quarters indicating further adoption of this product by new and existing MSO customers.

Terrace QAM

- Sales increased 30% from \$4.1 million in Q4 of FY12 to \$5.3 million this quarter. Vecima expects continued strong sales through the fiscal year.
- Terrace QAM is attractive to MSO customers because it enables new service revenue in the hospitality sector which includes Tier 1 hotels and resorts.

CABLE HEADEND

OEM QAM Modules

- As anticipated, sales dropped from \$4.5 million to \$1.1 million. Sales are expected to decline in fiscal 2013 as the product moves towards end of life.
- Next generation solutions in the cable headend will include technology for which Vecima and its partner, a leading integrated circuit manufacturer, have secured the design win. The solution is for a Tier 1 vendor's next generation broadband access platform.

OEM Return Path Demodulator and CableVista

- Sales of these legacy products declined from Q4 FY12 to Q1 FY13. Sales for our OEM return path demodulator dropped from \$2.9 million to \$1.6 million; while CableVista sales declined from \$2.0 million to \$1.1 million. A flattening out and then gradual decline in the sales of these products, which are in the late stage of their product lifecycle, is expected over the next 1-2 years.
- As previously announced, Vecima has executed an agreement with a prominent digital video access equipment vendor for a custom designed platform that interfaces to a large, currently deployed base of subscriber devices. Vecima expects the product to start shipping in production volume in the last quarter of this fiscal year.

November 13, 2012

FLEET MANAGEMENT

- During the period, we signed a supply agreement with our lead customer.
- We currently have over 400 active, paying subscribers on our FleetLynx service platform. We have shipped over 1100 subscriber modems.
- Potential customers are actively evaluating the system solution's capabilities and feature set after in-person demonstrations. Outside of our lead customer, these organizations have more than ten thousand vehicles under management.

BROADBAND WIRELESS

- Sales decreased approximately 13% from \$2.6 million in Q4 of FY12 to \$2.3 million this period. Weakness in sales of both BWIN and WiMAX products were responsible for most of the revenue drop.
- Software defined radio (SDR) sales remained relatively flat quarter over quarter.

YOURLINK

- Revenue remained flat at \$3.1 million from Q4 FY12 to Q1 FY13.

CONFERENCE CALL

A conference call and live audio webcast will be held on November 13, 2012 at 1 p.m. ET to discuss the Company's first quarter results. Vecima's unaudited condensed interim consolidated financial statements and management's discussion and analysis for the three months ended September 30, 2012 are available under the Company's profile at www.SEDAR.com, and at http://www.vecima.com/financials_ir.php.

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/vecima121113.html> and will be archived on the Vecima website at http://www.vecima.com/events_ir.php.

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

November 13, 2012

"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.

Forward-Looking Statements

Certain statements in this press release may constitute forward-looking statements within the meaning of applicable securities laws. All statements other than statements of historical fact are forward-looking statements. These statements include but are not limited to statements regarding management's intentions, belief or current expectations with respect to market and general economic conditions, future sales and revenue expectations, future costs and operating performance. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict, and/or are beyond our control. A number of important factors could cause actual outcomes and results to differ materially from those expressed in these forward-looking statements. These factors include, but are not limited to, the current significant general economic uncertainty and credit and financial market volatility and the distinctive characteristics of Vecima's operations and industry and customer demand that may have a material impact on, or constitute risk factors in respect of Vecima's future financial performance, as set forth under the heading "Risk Factors" in the Company's Annual Information Form dated September 28, 2012, a copy of which is available at www.sedar.com. In addition, although the forward-looking statements in this press release are based on what management believes are reasonable assumptions, such assumptions may prove to be incorrect. Consequently, readers should not place undue reliance on such forward-looking statements. In addition, these forward-looking statements relate to the date on which they are made. Vecima disclaims any intention or obligation to update or revise any forward-looking statements, as a result of new information, future events or otherwise, except as required by law.

Vecima Networks

Investor Relations - 250-881-1982

invest@vecima.com

November 13, 2012

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

	September 30, 2012	June 30, 2012
Assets		
Current assets		
Cash and cash equivalents	\$ 11,723	\$ 19,549
Marketable securities	14,008	-
Accounts receivable	19,747	23,818
Income tax receivable	13,621	13,600
Inventories	30,787	29,663
Prepaid expenses	1,481	1,076
	91,367	87,706
Non-current assets		
Property, plant and equipment	27,608	28,158
Assets held for resale	-	385
Intangible assets	11,506	10,819
Investment tax credit asset	31,394	30,384
Deferred tax asset	3,899	5,129
	\$ 165,774	\$ 162,581
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 12,446	\$ 13,653
Provisions	891	974
Income tax payable	-	806
Deferred revenue	1,205	1,311
Current portion of long-term debt	250	250
	14,792	16,994
Non-current liabilities		
Other long-term liabilities	488	342
Provisions	1,504	1,522
Long-term debt	3,417	3,479
	20,201	22,337
Shareholders' equity		
Share capital	34,484	34,482
Reserves	2,778	2,761
Retained earnings	108,311	103,001
	145,573	140,244
	\$ 165,774	\$ 162,581

November 13, 2012

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 September 30,	
	2012	2011
Sales	\$ 24,872	\$ 19,981
Cost of sales	14,829	12,677
Gross margin	10,043	7,304
Operating expenses		
Research and development	1,898	2,764
Sales and marketing	1,026	1,182
General and administrative	4,461	5,040
Stock-based compensation	17	22
Other (income)	(4,155)	(310)
	3,247	8,698
Operating income (loss)	6,796	(1,394)
Finance costs	235	136
Finance income	39	534
Income (loss) before income taxes	6,600	(996)
Income tax expense (recovery)	1,290	(275)
Net income and total comprehensive income	\$ 5,310	\$ (721)
Net income per share		
Basic	\$ 0.24	\$ (0.03)
Diluted	\$ 0.24	\$ (0.03)
Weighted average number of Common		
Shares outstanding - basic	22,317,339	22,316,767
Shares outstanding - diluted	22,382,537	22,316,767

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, 2011	\$ 34,482	\$ 2,678	\$ 89,735	\$ 126,895
Net income and total comprehensive income	-	-	(721)	(721)
Share-based payment expense	-	22	-	22
Balance as at September 30, 2011	\$ 34,482	\$ 2,700	\$ 89,014	\$ 126,196
Balance as at June 30, 2012	\$ 34,482	\$ 2,761	\$ 103,001	\$ 140,244
Net income and total comprehensive income	-	-	5,310	5,310
Shares issued by exercising options	2	-	-	2
Share-based payment expense	-	17	-	17
Balance as at September 30, 2012	\$ 34,484	\$ 2,778	\$ 108,311	\$ 145,573

November 13, 2012

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

	Three months ended September 30,	
	2012	2011
Cash flows from operating activities		
Net income	\$ 5,310	\$ (721)
Add (deduct) items not requiring cash		
Gain on the sale of property, plant and equipment	(3,590)	(13)
Gain on sale of intangible assets	(353)	(79)
Depreciation of property, plant and equipment	1,175	1,283
Amortization of deferred development costs	555	1,240
Amortization of finite-life intangible assets	37	41
Stock-based compensation	17	22
Deferred income tax expense	1,230	(212)
Interest expense	58	136
Interest income	(40)	(25)
Increase in other long-term liabilities	146	(30)
Increase in provisions	(101)	640
Increase in investment tax credit asset	(182)	(134)
Net change in non-cash working capital relating to operations	393	3,545
Interest paid	(46)	(129)
Interest received	37	25
Income tax paid	-	-
	- 4,646	5,589
Cash flows provided by investing activities		
Purchase of property, plant and equipment	(638)	(921)
Proceeds from the sale of property, plant and equipment	3,988	139
Proceeds from the sale of intangible assets	363	150
Purchase of marketable securities	(14,008)	-
Deferred development costs	(2,114)	(2,205)
Purchase of indefinite and finite-life intangible assets	(3)	(14)
	- (12,412)	(2,851)
Cash flows used in financing activities		
Proceeds from shares issued through exercised options	2	-
Repayment of long-term debt	(62)	(62)
	(60)	(62)
Increase in cash during the year	(7,826)	2,676
Cash and cash equivalents (bank indebtedness), beginning of year	19,549	5,095
Cash and cash equivalents, end of year	\$ 11,723	\$ 7,771