

NEWS RELEASE

NERATEL REPORTS Q1 2018 NET PROFIT OF S\$1.7 MILLION ON S\$41.6 MILLION TURNOVER

- ***S\$50.7 million order in-take secured in Q1 2018 – majority S\$36.3 million contributed by Network Infrastructure segment***
- ***Network security and digitisation to remain key growth drivers***
- ***Continues to focus on vertical extension of value chain to offer end-to-end turnkey solutions, and strengthen recurring income through services and maintenance contracts***

Singapore, May 10, 2018 – Mainboard-listed Nera Telecommunications Ltd (“NeraTel”, 挪拉电讯, or the “Group”), a leading Communications and Network Solutions Provider, announced today a turnover of S\$41.6 million and net profit of S\$1.7 million for the financial quarter ended March 31, 2018 (“Q1 2018”). NeraTel has also secured about S\$50.7 million in order in-take for the quarter, mostly contributed by the Network Infrastructure (“NI”) segment, which has been earmarked as a key growth area.

Mr. Beck Tong Hong (麦东宏), CEO of NeraTel, said, “While we’ve started to see traction from the new growth verticals we have identified within the NI segment, as with any new business venture, a gestation period is required before these new areas start contributing meaningfully. In the meantime, we’ll continue to leverage our vertically-integrated value chain to provide end-to-end solutions to our customers, while encouraging customers to take on service and maintenance contracts, which will offer higher margins and strengthen our recurring income for sustainable long-term growth.”

NeraTel had recently won two NI contracts worth a combined S\$3.2 million. The first contract of S\$2.2 million was awarded by a top-tier repeat customer, a major telecommunications service provider (“**telco**”) in Singapore. The second contract worth S\$1.0 million, represents NeraTel’s successful inroads in its first win with a key telco in Malaysia, relating to the design, supply, delivery, installation, maintenance and management of internet service.

Financial Performance

The S\$41.6 million turnover achieved in Q1 2018 was a 5.7% decline from S\$44.1 million recorded in the equivalent period a year ago (“**Q1 2017**”), due mainly to delays in project completion in both the NI and Wireless Infrastructure Networks (“**WIN**”) segments.

The NI segment continues to be the largest revenue contributor, recording a turnover of S\$28.3 million this quarter compared to S\$30.5 million in Q1 2017. The WIN segment recorded a 2.2% dip in turnover to S\$13.3 million in Q1 2018 from S\$13.6 million in Q1 2017.

In line with the lower topline, gross profit decreased 6.2% to S\$10.6 million in Q1 2018 from S\$11.3 million a year ago. Gross profit margin decreased marginally to 25.5% this quarter from 25.7% in Q1 2017.

Coupled with higher operating expenses due mainly to higher unrealised foreign exchange loss, NeraTel recorded a 39.2% decline in net profit after tax of S\$1.7 million in Q1 2018 compared to S\$2.9 million recorded in Q1 2017.

Basic and fully diluted earnings per share was 0.48 Singapore cents in Q1 2018, compared to 0.79 Singapore cents recorded in Q1 2017. Net asset value per share as at March 31, 2018 increased to 19.94 Singapore cents compared to 19.29 Singapore cents as at December 31, 2017.

NeraTel's balance sheet remained strong with cash and bank balances of S\$29.4 million as at March 31, 2017 and net cash of S\$19.2 million. Shareholders' equity stood at S\$72.1 million at the end of the reporting period.

Outlook and Growth Strategies

Overall, NeraTel's order in-take stood at approximately S\$50.7 million for Q1 2018, a 13.6% decrease from S\$58.7 million in Q1 2017 due to lower orders from both the NI and WIN segments that was partly caused by delays in the award of tenders.

The NI segment achieved total order in-take of S\$36.3 million, compared to S\$41.1 million reported a year ago, due to lower order in-take from the service provider markets. The WIN segment secured total order in-take of S\$14.4 million, an 18.2% year-on-year decline from S\$17.6 million.

On the NI segment, the Group continues to further growth in the network security and data centre/cloud verticals, while capitalising on the proliferation of data and increasing need for telecommunication operators to upgrade their network to support the digitisation wave to grow the WIN segment.

Meanwhile, the Group continues to seek opportunities to expand and diversify its customer base, extend its geographical reach and support the burgeoning needs of the Smart Nation programme in Singapore's digital transformation efforts.

Some other favourable developments that will drive demand for NeraTel's solutions and products include the expected rollout for the fourth telco by end-2018 and an anticipated move towards 5G mobile technology.

About Nera Telecommunications Ltd

Established in October 1978 and listed on the SGX Mainboard since July 1, 1999, Nera Telecommunications Ltd (“**NeraTel**”) is a leading Communications and Network Solutions Provider. With over 38 years of established track record, the Singapore-headquartered NeraTel has a diversified geographical presence in over 16 countries in Asia-Pacific and the Middle East and North Africa regions.

NeraTel provides a full suite of turnkey network and wireless solutions. Its two business segments work seamlessly to deliver cutting-edge services for the digital world:

- Network Infrastructure (“**NI**”) offers a wide range of solutions, services and products to steer secure digital transformation including cloud network infrastructure, network security solutions, IP networks, optical networks and broadcast networks;
- Wireless Infrastructure Networks (“**WIN**”) provides integrated wireless network services for Service Providers, ISPs, Broadcasters, Enterprises, Government organisations, as well as the Offshore and Utilities sectors.

With its comprehensive range of customisable solutions, NeraTel empowers its customers to enhance their business processes and deliver new innovative services and business models.

For more details, please visit: <http://www.nera.net/>

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May 10, 2018