

The NERA logo is rendered in a bold, red, sans-serif font. The letter 'A' is stylized with a sharp, upward-pointing triangular shape at its top right corner. The background of the slide features a cityscape at dusk or dawn, overlaid with a network of white nodes and connecting lines, and a hand holding a smartphone in the foreground.

**NERA**

# 1H 2020 RESULTS PRESENTATION

12 August 2020

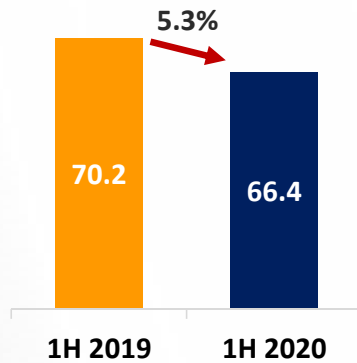


# FINANCIAL HIGHLIGHTS

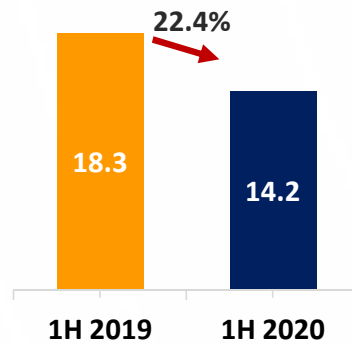


# KEY FINANCIAL HIGHLIGHTS

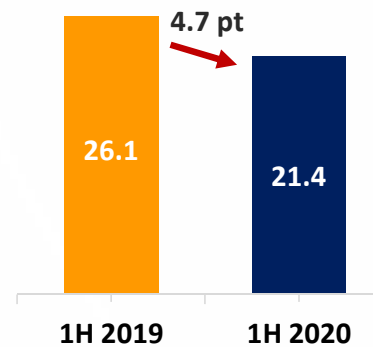
## Revenue (S\$m)



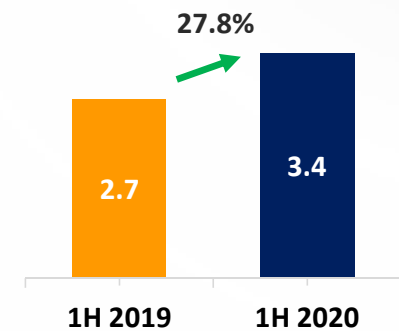
## Gross Profit (S\$m)



## Gross Profit Margin (%)



## Net Profit (S\$m)

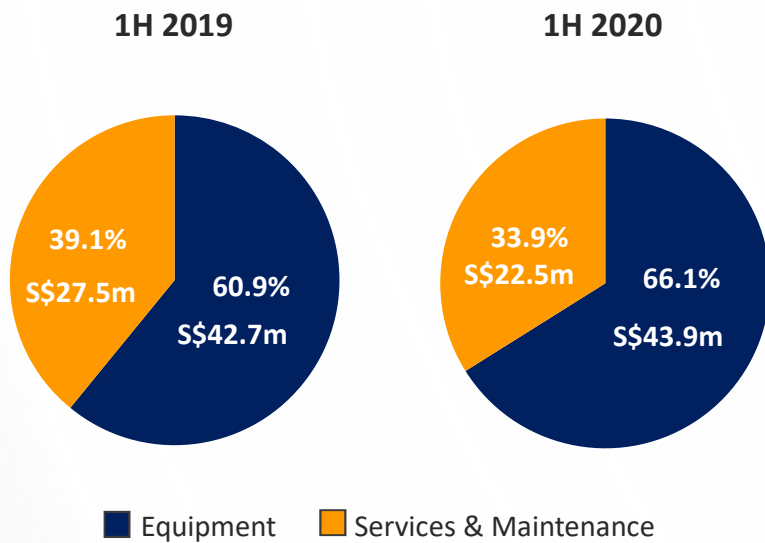


- 1H 2020 revenue was lower by 5.3% due to movement restrictions implemented across various countries, which had an impact on the delivery of projects to customers
- NeraTel's gross profit margin remains in double-digits

- 1H 2020 net profit was higher by 27.8%
- Achieved profitability notwithstanding global pandemic

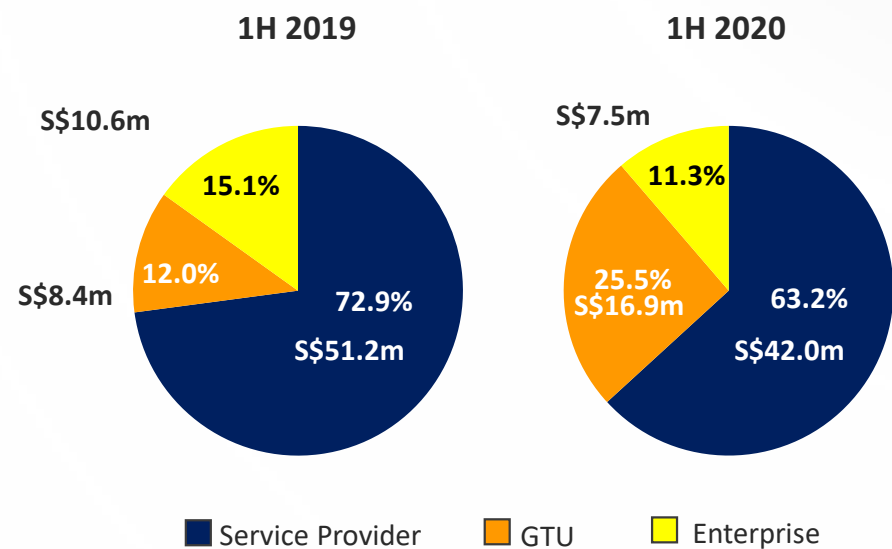
# KEY FINANCIAL HIGHLIGHTS

## Revenue (By Nature)



- To focus on higher margin services and maintenance contracts as part of the Group's ongoing strategy

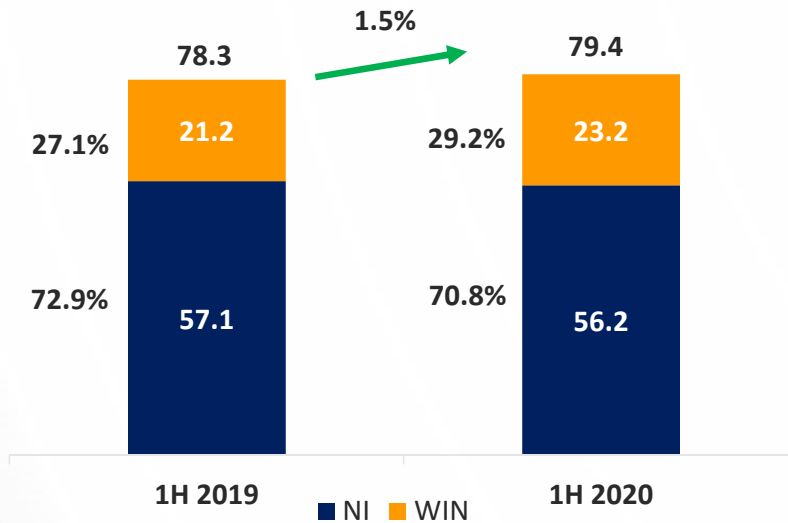
## Revenue (By Customer Vertical)



- Revenue contribution from the GTU customer segment increases to 25.5% in 1H 2020; more than doubled to S\$16.9 million in 1H2020

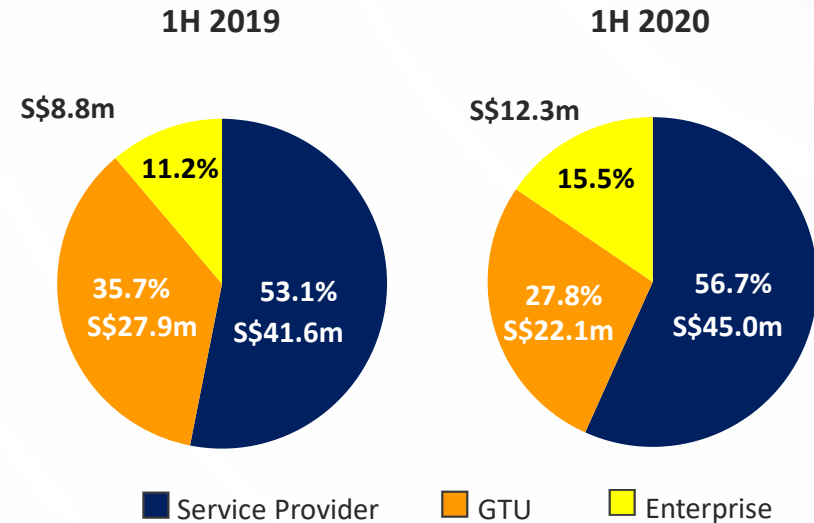
# KEY FINANCIAL HIGHLIGHTS

**Total Order Intake**  
(S\$m)



- Order intake for WIN increased due to stronger demand from Service Provider

**Total Order Intake By Customer Segment**



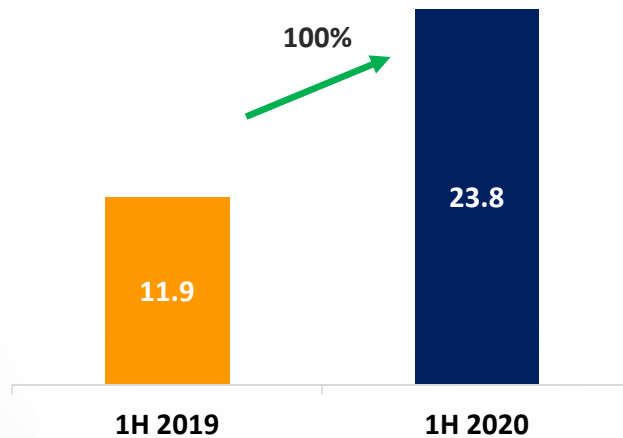
- Increased order intake from the Service Provider and Enterprise segments

# CORPORATE DEVELOPMENTS

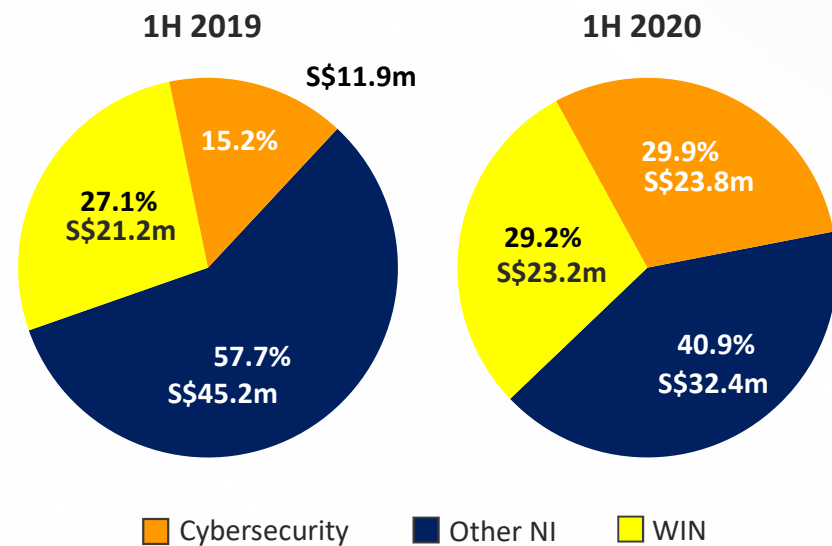
## - CYBERSECURITY GROWTH

### Cybersecurity Order Intake

(S\$m)



### Order Intake (By Nature)



- NeraTel's cybersecurity solutions continue to gain traction, recording a strong 100% increase in order intake

# FINANCIAL POSITION

S\$m	1H 2020	1H 2019	Change (%)
Revenue	66.44	70.19	(5.3)
Gross Profit	14.22	18.33	(22.4)
Gross Profit Margin (%)	21.4	26.1	(4.7) pt
Total Operating Expenses	12.07	13.84	(12.8)
Net Profit After Tax	3.44	2.69	27.8
Net Profit Margin (%)	5.2	3.8	1.4 pt
Basic and Fully Diluted EPS (SGD cents)	0.95	0.74	(28.4)

# FINANCIAL POSITION

S\$'m	30 June 2020	31 December 2019
Current Assets	161.08	146.77
Current Liabilities	102.01	90.28
Net Current Assets	59.06	56.48
Total Assets	173.70	158.52
Total Liabilities	106.38	94.75
Total Borrowings	34.00	16.50
Cash and Bank Balances	25.62	13.00
Net (Debt)/Cash	(8.38)	(3.50)
NAV/Share (SGD cents)	18.60	17.62





# OUTLOOK & STRATEGIES



# NAVIGATING THE COVID 19 CRISIS

## - BUILD RESILIENCE

- **Protect Employees** – The Group has implemented its Business Continuity Plan which includes split teams and remote work arrangements. In line with the Government’s safe distancing measures for Phase 2, staff are encouraged to continue working from home, where possible. Safe distancing measures have also been put in place for all our premises
- **Contain Costs** – NeraTel has implemented group-wide efficiency and cost reduction initiatives; as well as tapped on Job Support Scheme to contain costs. Additionally, lower priority capex is either deferred or cancelled as part of the Group’s broader cost containment initiatives
- **Build Competencies** – The Group intends to hire judiciously only for strategic positions. Staff are encouraged to participate in online training especially in the areas of Cybersecurity, Automation and Data Analytics
- **Tackle Opportunities brought about by Accelerated digitalisation** – The Group has rolled out IT solutions to enable customers to implement their business continuity plan during this COVID-19 outbreak. We are also seeing more enquiries from Operators to upgrade their network and bolster their network capacity



# MACRO OUTLOOK

## - AMIDST COVID-19



### Widespread Implications

- **Economic Downturn** – According to the International Monetary Fund (“IMF”), the global economy is projected to contract sharply by 4.9% in 2020 as the COVID-19 pandemic has had a more negative impact on activity in the first half of 2020 than anticipated
- **Mounting Geopolitical Tensions** – The Phase one trade deal between US and China remains at risk as the bilateral relations deteriorated following the outbreak of COVID-19

### Opportunities Ahead

- **Accelerated Digitalisation** – The COVID-19 outbreak has changed the way we work. More companies are accelerating digitalisation efforts and adopting more IT solutions. Operators are also enhancing parts of their networks to cater to demands brought about by work-from-home arrangements
- **5G Deployment** – Service providers in Singapore and the region are set to deploy 5G networks over the next few years. The rollout of 5G networks in Singapore and the region would present opportunities as NeraTel’s products and services could be needed in the deployment of these networks. NeraTel will be able to leverage on its long-standing relationships with many of these mobile operators in the countries where NeraTel is currently operational, and where 5G network rollouts will likely span across a number of years

# 5G DEPLOYMENT

## – AREAS TARGETED BY NERATEL

### Fronthaul/Backhaul/IP Core Network

- Full range of solutions as well as multi-year services targeted for all these domains:
  - IP: mainly routers and switches. Also includes open networking products
  - Cybersecurity: Firewalls, anti-DDoS, SIEM, SOAR, and Network Data Analytics
  - Optical: DWDM and OTN related solutions
  - Microwave: PTP and Non-PTP. Long Haul and Short Haul Radios. Licenced as well Non Licenced band radios
  - Automation, SDN, NFV as well as multi-access edge computing solutions

### Radio Access Network (RAN)

- As a major solutions provider of Common Antenna System (CAS), Nera will benefit from 5G network roll out as all existing and new buildings will need to upgrade their CAS system
- Nera also offers professional services such as network planning, consultancy, RF benchmarking and optimisation to operators and main contractors (example Ericsson and Nokia). We are also targeting products and services related to the installation of base stations (including the purchases and erection of tower and poles for example)
- Nera possesses the ability to offer Open-RAN products and services as well

### Core Systems and SGI Network

- Areas of opportunities includes Policy Control Solutions (PCF/PCRF/PCEF), Billings system(AAA), Cybersecurity (Firewalls and Privileged Access Management), as well as equipment for Carrier-Grade Network Address Translation (CGNAT)

# CYBERSECURITY

## - OVERVIEW



### Industry-leading Hardware and Software Security, and Security Management Solutions



Next Generation  
Firewall



Anti Distributed Denial  
of Service



Privileged Access  
Management



Data Loss Prevention



Encryption



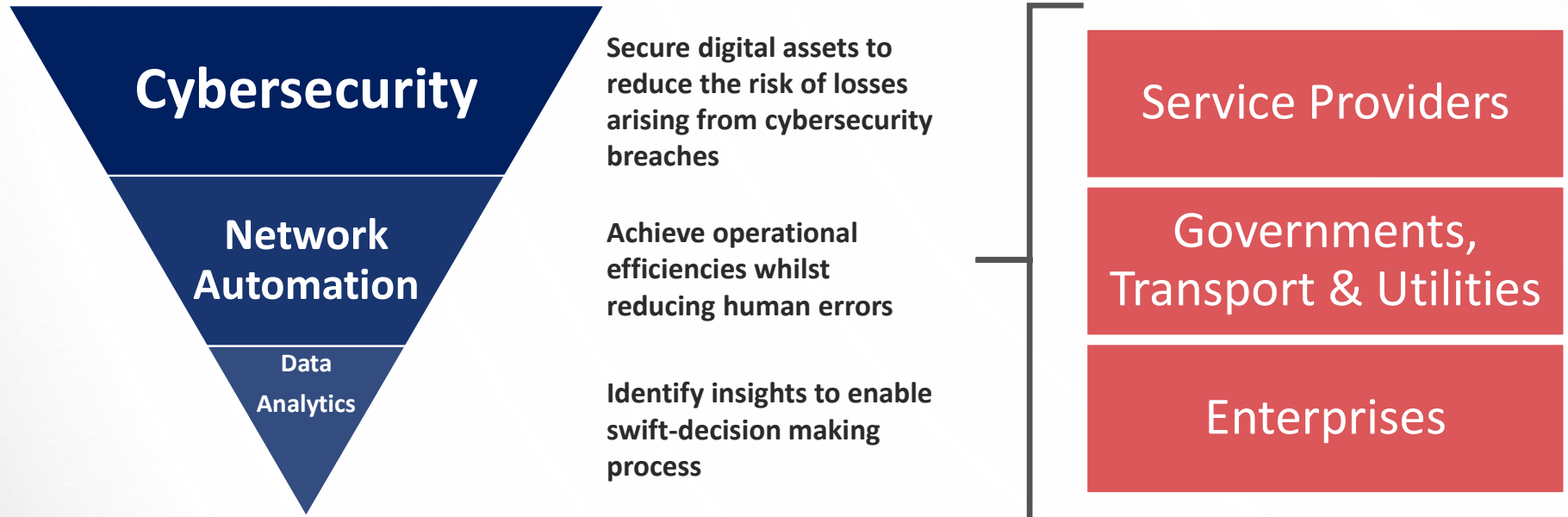
Security Information and  
Event Management

## NeraTel's Competitive Strengths

- NeraTel has a **strong suite of security partners** to choose from when offering integrated security solutions
- Leverage existing relationships with clients as well as NeraTel's **knowledge of client's network infrastructure**
- **Experienced sales team** to strengthen presence in existing markets and enter new markets with high growth potential
- Large pool of regional Certified Engineers to provide **quality integrated services and solutions**

# BUSINESS VERTICALS & INCUBATORS

Remain Focused In Our Long Term Strategy To Be An All-encompassing Solutions Provider







**NERA**

1H 2020 RESULTS PRESENTATION

THANK YOU