

NEWS RELEASE

NERATEL ACHIEVES 27.8% INCREASE IN 1H 2020 NET PROFIT TO S\$3.4 MILLION ON S\$66.4 MILLION REVENUE

- ***Improved order intake of S\$79.4 million to be progressively recognised***
- ***Tapping on demands for ICT solutions resulting from work-from-home arrangements***
 - o ***Service providers are enhancing their networks to better serve the residential areas***
 - o ***Increase in demand for digitalisation solutions across all organisations***
- ***Business outlook remains uncertain as the COVID-19 situation continues to unfold***

Singapore, 12 August 2020 – Mainboard-listed Nera Telecommunications Ltd (“**NeraTel**”, 挪拉电讯, or the “**Group**”), a leading Communications and Network Solutions Provider, reported revenue of S\$66.4 million and net profit of S\$3.4 million for the six-month financial period ended 30 June 2020 (“**1H 2020**”).

Mr. Beck Tong Hong (麦东宏), CEO of NeraTel, said, “We have achieved a respectable performance amidst these challenging times of a pandemic outbreak coupled with a global recession. During this trying period, our business remains relatively resilient as we continue to deliver our project obligations despite lockdowns or movement restrictions in countries where we operate in. At the same time, we have deliberately taken a conservative approach to reduce our risk exposures and to improve our cash and cashflow positions by being more selective in choosing our projects. This has directly led to a relatively modest increase in our order intakes. Moving forward, we believe the pandemic situation will continue to unfold and therefore the outlook will remain highly uncertain for the rest of the year. The Group will continue to be prudent while we look for higher quality or strategic opportunities, for example, in the domain of Cybersecurity or 5G.”

Financial Performance

NeraTel's 1H 2020 revenue decreased 5.3% to S\$66.4 million from S\$70.2 million in the corresponding period a year ago ("**1H 2019**") due to weaker contributions from both the Service Provider and Enterprise customer segments, mainly due to movement restrictions implemented across various countries, which had an impact on the delivery of projects to customers.

Notably, as part of the Group's customer diversification efforts, contributions from the Government, Transport and Utilities segment more than doubled to S\$16.9 million in 1H2020 from S\$8.4 million in 1H 2019, reinforcing NeraTel's plans to grow this sector.

In tandem with the lower revenue, gross profit for 1H 2020 fell 22.4% to S\$14.2 million from S\$18.3 million recorded in 1H 2019, while gross profit margin decreased to 21.4% from 26.1% over the same period.

Other income for 1H 2020 increased by S\$2.4 million to approximately S\$2.0 million, mainly attributable to the receipt of government grants and unrealised foreign exchange gains on USD receivables following the strengthening of USD against SGD.

In line with above, net profit increased 27.8% to S\$3.4 million in 1H 2020 from S\$2.7 million in 1H 2019.

NeraTel's balance sheet remained strong with cash and cash equivalents of S\$25.6 million as at 30 June 2020. Shareholders' equity stood at S\$67.3 million at the end of the reporting period.

Outlook: Opportunities Amid Adversity

NeraTel recorded total order intake of S\$79.4 million in 1H2020, an increase of 1.5% from S\$78.3 million in 1H2019, despite industry-wide challenges amidst the ongoing pandemic, mainly lifted by an increase in orders from the Service Provider and Enterprise customers segments.

Following the onset of the COVID-19 pandemic and lockdown measures across the world, the Group experienced increased opportunities and leads from the Service Provider, as well as the Government, Transport and Utilities segments. This was mainly due to businesses and organisations implementing work-from-home arrangements. As a consequence, service providers have been working on enhancing their networks to cater to increased data consumption from residential areas. There has also been an increase in demand for digital solutions to facilitate remote working arrangements.

Despite the opportunities in the market, the Group, taking into account the ongoing COVID-19 pandemic, has deliberately adopted a more conservative approach and has been more selective in the projects that it chooses to undertake. These have therefore led to just a modest increase in the Group's order intake.

By business line, the Group has made progress in its Cybersecurity segment, recording a 100% increase in order in-take to S\$23.8 million for 1H2020, driven by an acceleration of digitalisation. The Group will push forward with the expansion of its Cybersecurity business to address growing security concerns.

“The rollout of 5G networks in Singapore and the region would also present opportunities for us as our products and services could be needed in the deployment of these networks. In addition, we have long-standing relationships with a large number of these mobile operators in the countries we operate. 5G network rollouts will also likely span across a number of years in most of these countries,” Mr. Beck added.

Finally, the COVID-19 pandemic is still unfolding and presents great uncertainties for the remaining of the year. In addition, the global outlook - dampened by a recession - might turn for the worse, before getting better, in the next few quarters. As such, the Group will continue to be prudent while it searches for higher quality and strategic opportunities.

About Nera Telecommunications Ltd

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

Supported by one of the largest team of certified engineers in Asia, NeraTel provides a full suite of turnkey network and wireless solutions – ranging from network security solutions, cloud network infrastructure to wireless network services – delivering cutting-edge services for the digital world. NeraTel serves a wide range of industries including telecommunications, enterprises, government organisations, transportation and utilities, amongst many others.

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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