



Q4/FY2019 RESULTS PRESENTATION

29 February 2020



FINANCIAL HIGHLIGHTS

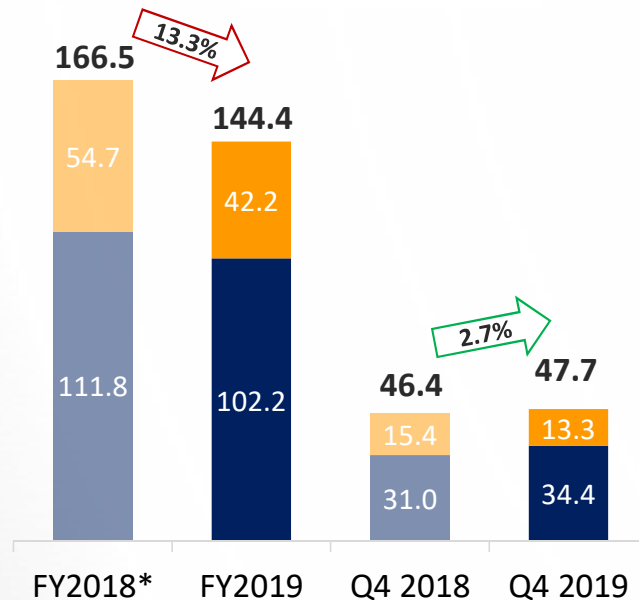


KEY FINANCIAL HIGHLIGHTS

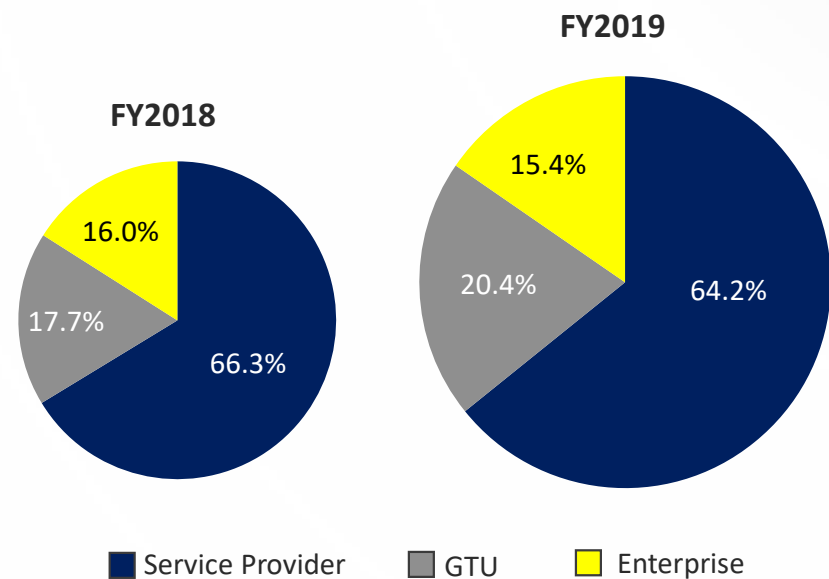
Revenue

(\$'m)

■ Wireless Infrastructure Network (WIN)
■ Network Infrastructure (NI)



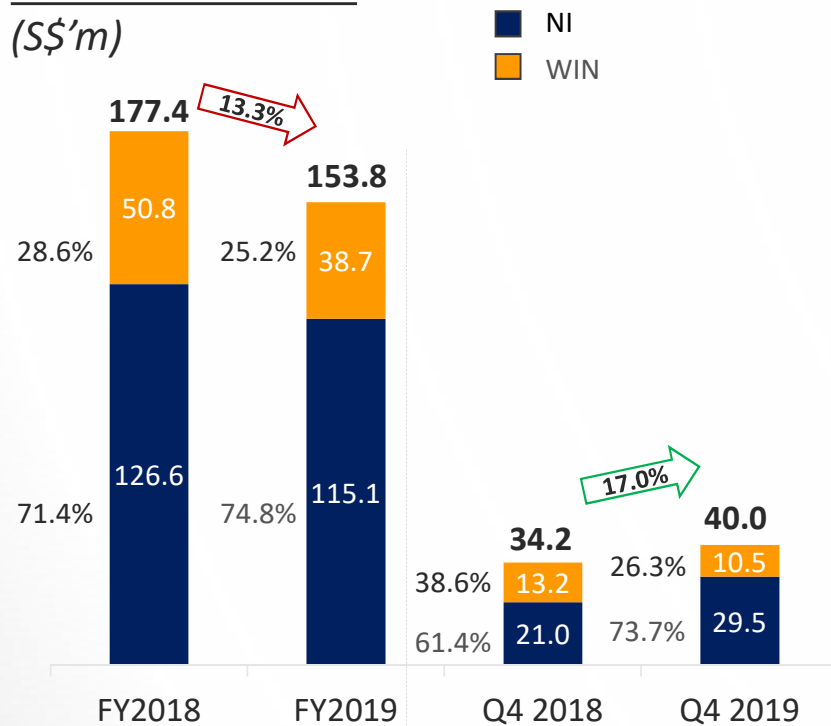
Revenue Contribution By Customer Segment



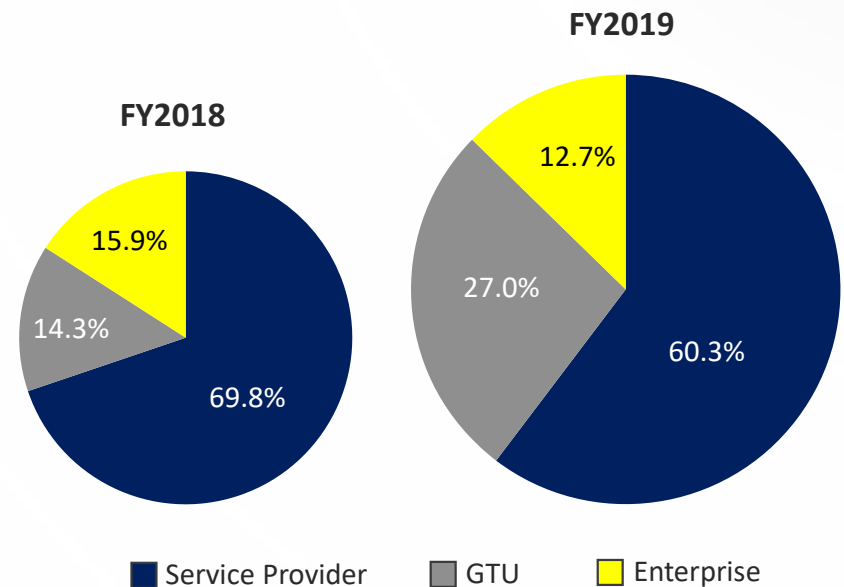
- Revenue declined in FY2019 due to lower contributions from both business segments
- Quarterly revenue was lifted by higher order in-take from Government, Transport and Utilities (“GTU”) segment, which picked up in Q4 2019

KEY FINANCIAL HIGHLIGHTS

Total Order In-Take
(S\$m)



Total Order In-Take By Customer Segment

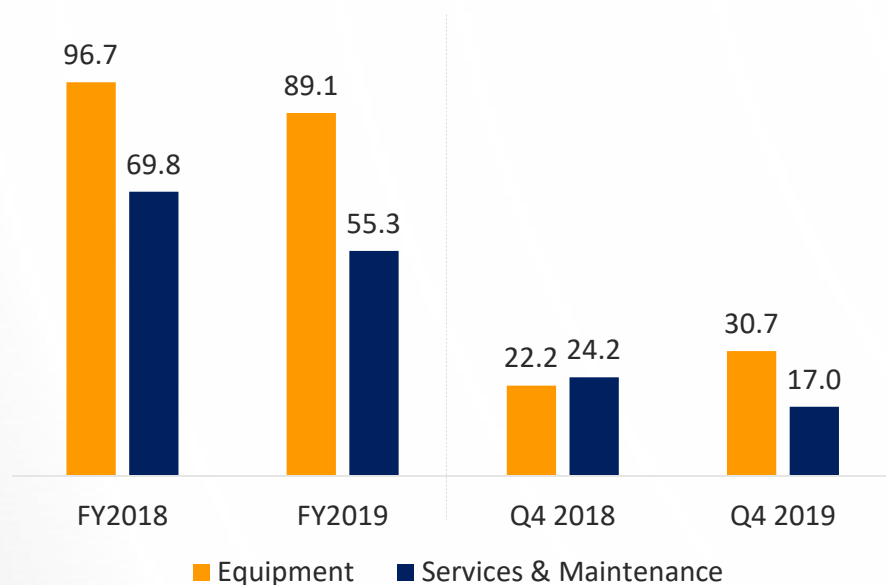


Customer diversification efforts are gaining traction

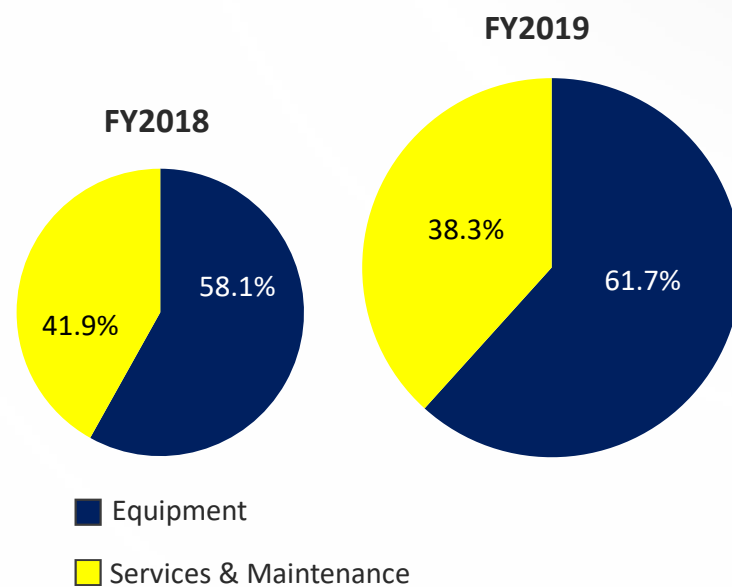
- GTU order in-take proportion raises from 14.3% in FY2018 to 27.0% in FY2019

KEY FINANCIAL HIGHLIGHTS

Revenue (By Nature)
(S\$'m)



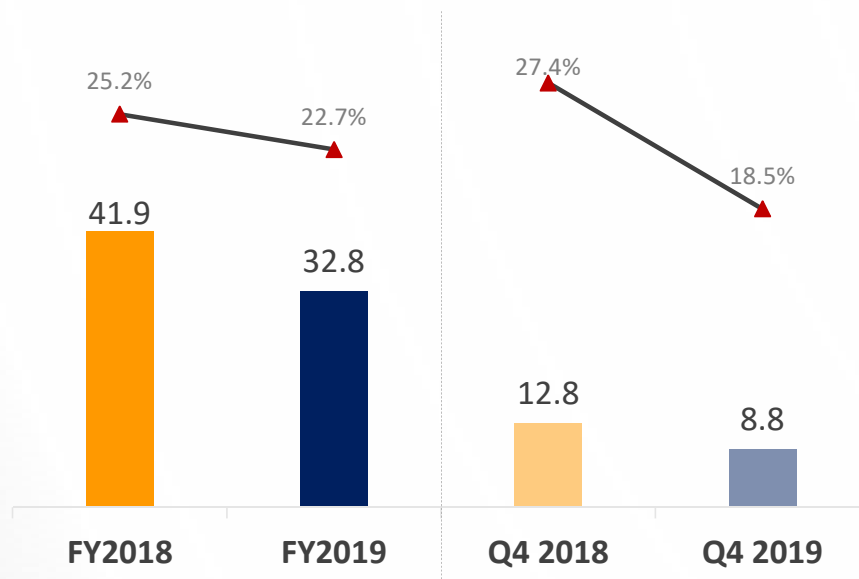
Breakdown (By Nature)



Continues to pursue services and maintenance contracts as part of the Group's ongoing strategy to strengthen recurring income streams

KEY FINANCIAL HIGHLIGHTS

Gross Profit/Gross Profit Margin (S\$m)



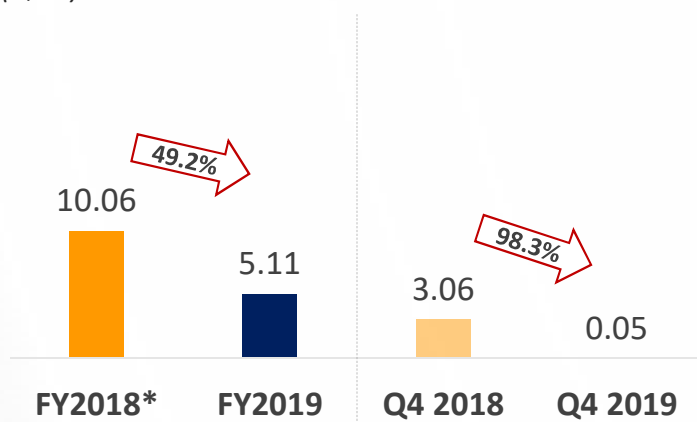
- Excluding the provision:
 - Gross profit and gross profit margin for Q4 2019 stands at \$10.9 million and 22.9% respectively
 - Gross profit and gross profit margin for FY2019 stands at \$34.9 million and 24.2% respectively

Gross profit and gross profit margins in FY2019 was mainly impacted by provision of contract assets for projects in the Philippines

KEY FINANCIAL HIGHLIGHTS

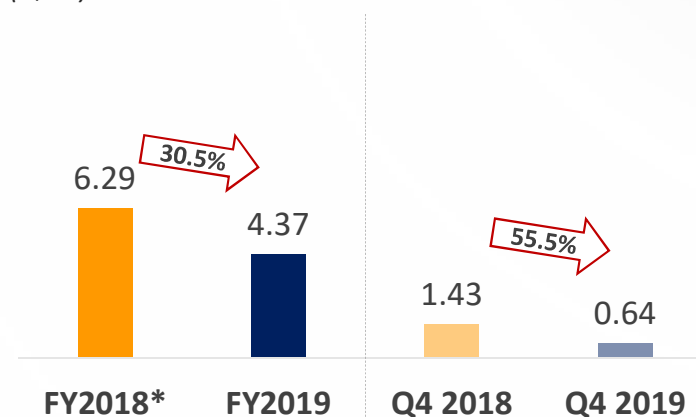
Profit Before Tax

(\$'m)



Net Profit

(\$'m)



- The decrease in profit before tax (“PBT”) was attributed to lower gross profit as a result of the impact from the provision of contract assets for the project in the Philippines, partially offset by lower operating expenses
- Net profit was mainly due to lower PBT, partially offset by differences in tax assessment and tax estimates made in prior years for foreign subsidiaries

* The results of FY 2018 have been adjusted to reflect the return of dividend by a preference shareholder of a foreign subsidiary, which was previously reported as revenue. The return of dividend has been deemed as a contribution by a preference shareholder of a foreign subsidiary.

FINANCIAL POSITION

S\$'m	Q4 2019	Q4 2018	Change (%)	FY2019	FY2018	Change (%)
Revenue	47.71	46.44	2.7	144.39	166.50	(13.3)
Gross Profit	8.83	12.75	(30.8)	32.81	41.91	(21.7)
Gross Profit Margin (%)	18.5	27.4	(8.9) <i>pt</i>	22.7	25.2	(2.5) <i>pt</i>
Total Operating Expenses	8.22	9.28	(11.4)	27.67	30.14	(8.2)
Net Profit After Tax	0.64	1.43	(55.5)	4.37	6.29	(30.5)
Net Profit Margin (%)	1.3	3.1	(1.8) <i>pt</i>	3.0	3.8	(0.8) <i>pt</i>
Basic and Fully Diluted EPS (SGD cents)	0.18	0.39	(53.8)	1.21	1.74	(30.5)

FINANCIAL POSITION



S\$'m	31 December 2019	31 December 2018
Current Assets	143.88	152.38
Current Liabilities	87.40	91.52
Net Current Assets	56.48	60.86
Total Assets	156.06	158.49
Total Liabilities	91.87	91.82
Total Borrowings	16.50	5.50
Cash and Bank Balances	13.00	21.56
Net (Debt)/Cash	(3.5)	16.06
NAV/Share (SGD cents)	17.74	18.42



OUTLOOK & STRATEGIES



OUTLOOK & STRATEGIC DIRECTION

Identified New Business Vertical (Near to medium term)



Cybersecurity

>US\$ **46.1B**

Cybersecurity Market (APAC)
(2023F)

15.0%

CAGR
(2018 - 2023F)



Data Analytics

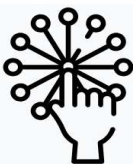
Incubators (Long-term)

US\$ **89.6B**

Data and Analytics (APAC)
(2022F)

25.5%

CAGR
(2017 - 2022F)



Network Automation

>US\$ **145.0B**

Networking Market Revenue (APAC)
(2023F)

7.7%

CAGR (2018 - 2023F)

KEY STRATEGIES

Capitalise Digitisation Wave for New Growth Areas

- **Cybersecurity:** secure digital assets to reduce the risk of losses arising from cybersecurity breaches
- **Automation:** Achieve operational efficiencies whilst reducing human error
- **Data Analytics:** Identify insights to enable swift-decision making process

Optimise Customer Base

- Build a balanced and diversified customer base
- Reach out to a wider range of customers through an expanded range of product and service offerings

Reap Synergies Across Businesses

- Upsell/Cross sell products and services to customers (e.g. security products)
- Drive growth for identified new verticals – Cybersecurity/Data Analytics/Network Automation

Enhance Product Mix

- Bolster recurring income streams by encouraging customers to take on Service & Maintenance contracts

Inorganic Growth

- Keep a look out for synergistic M&A opportunities to gain new capabilities and access to customers/geographical markets – particularly in the identified new growth areas



NERA

Q4/FY2019 RESULTS PRESENTATION

THANK YOU