

NEWS RELEASE

NERATEL 9M 2017 NET PROFIT DOUBLES TO S\$6.3 MILLION; OUTPACING 18.4% GROWTH IN TURNOVER TO S\$136.6 MILLION

- ***123.0% growth in 9M 2017 operating profit to S\$10.1 million***
- ***NI segment achieves total 28.7% growth in order in-take in 9M 2017; WIN secures 15.1% more order in-take***
- ***Eyes expansion into complementary adjacent business verticals and new geographical markets***

Singapore, November 6, 2017 – Mainboard-listed Nera Telecommunications Ltd (“**NeraTel**”, 挪拉电讯, or the “**Group**”), a leading Communications and Network Solutions Provider, announced today a 111.8% year-on-year surge in net profit to S\$6.3 million on S\$136.6 million turnover for the nine-month period ended September 30, 2017 (“**9M 2017**”), boosted by strong performance from both the Network Infrastructure (“**NI**”) and Wireless Infrastructure Network (“**WIN**”) segments.

Similarly, turnover rose 24.9% to S\$42.2 million for the three-month period ended September 30, 2017 (“**Q3 2017**”) compared to S\$33.8 million a year ago (“**Q3 2016**”). Q3 2017 net profit reversed into the black at S\$2.0 million from a net loss of S\$1.3 million recorded in Q3 2016.

Mr. Beck Tong Hong (麦东宏), CEO of NeraTel, said, “Both segments have registered double-digit growth this quarter, especially the NI segment, which we have identified as our key growth area going forward. This demonstrates the demand we could capture with our turnkey solutions made possible by our wide range of service offerings through the two complementary segments, as we continue to look into new synergistic business verticals that will help to accelerate our growth and sharpen our competitive niche.”

Financial Performance

The higher topline registered in 9M 2017 was lifted by a 20.7% growth in turnover from the NI segment to S\$86.2 million from S\$71.4 million in 9M 2016, as well as a 14.7% rise in turnover from the WIN segment to S\$50.4 million from S\$43.9 million driven by higher turnover in the Middle East and Africa markets. NI continues to be the Group's largest turnover contributor at 63.1%.

Both segments registered strong growth in Q3 2017, with NI recording a 21.0% increase in turnover to S\$24.8 million while WIN booked turnover of S\$17.4 million, reflecting a 30.8% growth.

In tandem with the higher turnover, the Group's 9M 2017 gross profit rose 18.2% to S\$35.1 million. Q3 2017 gross profit grew 89.1% to S\$12.0 million on higher turnover and gross profit margin, which rose to 28.5% from 18.8% in Q3 2016.

Due mainly to a 56.8% decline in other operating expenses from lower foreign exchange losses, the Group reported a 123.0% growth in operating profit to S\$10.1 million in 9M 2017 from S\$4.5 million a year ago and Q3 2017 operating profit of S\$3.0 million compared to the Q3 2016 operating loss of S\$1.8 million.

In view of the above, NeraTel recorded a 111.8% surge in net profit in 9M 2017 to S\$6.3 million from S\$3.0 million in the corresponding period a year ago. Q3 2017 net profit turned positive at S\$2.0 million compared to Q3 2016's net loss of S\$1.3 million.

NeraTel's balance sheet remained strong with cash and bank balances of S\$19.1 million as at September 30, 2017 and net cash of S\$7.6 million. Shareholders' equity stood at S\$67.2 million at the end of the reporting period.

Outlook and Growth Strategies

The NI segment reported total order in-take of S\$108.9 million for 9M 2017, a 28.7% increase from S\$84.6 million in 9M 2016. During the same period, the WIN segment secured S\$59.8 million of order in-take, 15.1% higher than the S\$51.9 million achieved a year ago.

With global mobile data traffic expected to increase seven-fold between 2016 and 2021 at a 47% CAGR¹, the Group expects its Service Provider, Enterprise, and Government, Transport and Utilities customers to continue upgrading their ICT network infrastructure to meet increasing demand driven by digitisation, to tighten cyber security and to be compliant with regulatory requirements.

Responding to these emerging trends, the Group has focused efforts to expand its service and product offerings in the Security, Cloud and Data Centre sectors, and will continue to explore opportunities in adjacent business verticals and new geographical markets to better serve its customers' needs.

While the network equipment market remains highly competitive, the Group is optimistic its suite of service offerings under the growing NI segment will in turn drive demand for its wide range of network equipment, and vice versa.

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.

¹ Cisco, February 7, 2017 – Cisco Visual Networking Index: Global Mobile Data Traffic Forecast Update, 2016-21 White Paper

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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