Nera Telecommunications Ltd

Co. Reg. No.197802690R
109 Defu Lane 10, Singapore 539225
Tel: (65) 6281 3388 | Fax: (65) 6383 9566
Website: www.nera.net

BUSINESS UPDATE FOR THE FIRST QUARTER ENDED 31 MARCH 2020

"The impact of COVID-19 was felt in Q1 2020 as most of our clients implemented business continuity plans and reduced physical access of contractors on worksites, affecting our ability to continue the implementation of our projects.

On the other hand, our customer diversification efforts, as part of our long-term strategy, continue to gain traction and the Group's revenue continues to be supported by growing contributions from the Government, Transport and Utilities segment.

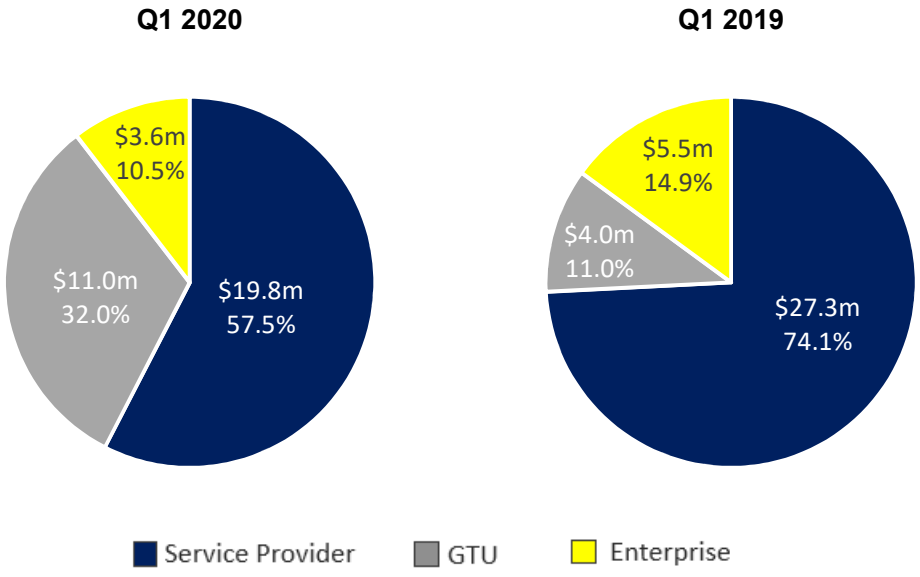
We are also seeing good traction in our Cybersecurity business."

Mr. Beck Tong Hong (麦东宏), CEO of Nera Telecommunications Ltd

Financial Highlights

Revenue Contribution by Customer Segment

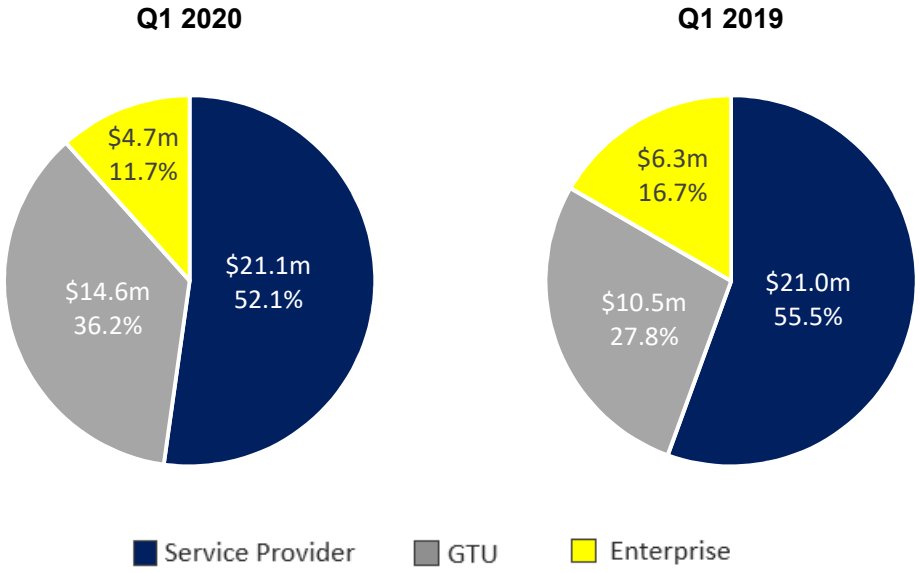
S$(million)	Q1 2020	(%)	Q1 2019	(%)
Group Revenue	**34.4**	**100.0**	**36.8**	**100.0**
Government, Transport and Utilities ("**GTU**")	11.0	32.0	4.0	11.0
Service Provider	19.8	57.5	27.3	74.1
Enterprise	3.6	10.5	5.5	14.9



For the first quarter ended 31 March 2020 ("**Q1 2020**"), Nera Telecommunications Ltd's ("**NeraTel**") business operations were impacted by the COVID-19 outbreak, though to a relatively lesser extent as compared to other worst-affected sectors. Revenue for Q1 2020 dipped by 6.5% to S$34.4 million, from S$38.6 million for the first quarter ended 31 March 2019 ("**Q1 2019**"). During the quarter, NeraTel made significant progress in pursuing the GTU customer segment. For Q1 2020, the proportion of revenue contribution from the GTU segment rose significantly to 32.0%, from 11.0% in Q1 2019. By business line, the Group's Security business line continued to gain traction, registering revenue growth of 36.1% to S$11.3 million in Q1 2020, from S$8.3 million in Q1 2019.

Order In-take by Customer Segment

S$(million)	Q1 2020	(%)	Q1 2019	(%)
Total Order In-take	**40.4**	**100.0**	**37.8**	**100.0**
Government, Transport and Utilities ("**GTU**")	14.6	36.2	10.5	27.8
Service Provider	21.1	52.1	21.0	55.5
Enterprise	4.7	11.7	6.3	16.7



NeraTel recorded total order in-take of S$40.4 million in Q1 2020, an increase of 6.9% from S$37.8 million in Q1 2019, despite industry-wide challenges amidst the ongoing COVID-19 pandemic. The higher order in-take was lifted by the GTU customer segment, mainly from a substantial contract win of S$5.6 million from a Government organisation in Indonesia.

Navigating the COVID-19 Crisis

While NeraTel has been impacted by the COVID-19 outbreak, the business has been less affected than other industries such as the tourism, aviation, retail and food services sectors. Amidst the lockdown measures, the Group continues partial operations, particularly as a provider of essential services across key markets of Singapore and Malaysia. Navigating through the crisis, the Group has implemented precautionary measures and is actively pursuing opportunities brought on by accelerating digitalisation, including but not limited to the following:

Protect Employees – The Group has implemented Business Continuity Plans which include split teams and remote working arrangements. Only staff for essential services are allowed to commute. The Group has also implemented precautionary measures such as safe distancing and temperature-taking measures for all its premises.

Contain Costs – NeraTel has implemented Group-wide efficiency and cost reduction initiatives and tapped on the 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. Employees are also encouraged to participate in online training to support the Group's business growth, 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 Plans during this COVID-19 outbreak. In recent months, the Group has also received more enquiries from Service Providers to upgrade their network and bolster network capacity. These opportunities, if successfully captured, will partially offset the impact of COVID-19.

Outlook

The Group expects an impact on the financial performance for the full year financial period ended 31 December 2020 ("**FY2020**") as a result of COVID-19, partially mitigated by the support measures from the Singapore government. The overall financial performance for FY2020 is also likely to be affected by the following:

Economic Downturn – According to the International Monetary Fund ("**IMF**"), the global economy is projected to contract sharply by -3% in 2020, much worse than during the 2008–09 financial crisis. The IMF expects a "partial recovery" in 2021, provided that the pandemic eases throughout this year.

US-China phase-one deal at risk – Concerns are mounting that the conditions of the deal cannot be met as the world economy, and China in particular, is threatened by a sharp downturn as drastic measures to contain the outbreak are taken, including quarantines, travel bans and closures of public spaces.

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.

The Group will remain focused on its customer diversification efforts and look to broaden its revenue stream by exploring business opportunities in cybersecurity, network automation and data analytics for the long-term.

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/

ISSUED ON BEHALF OF	:	Nera Telecommunications Ltd
BY	:	Citigate Dewe Rogerson Singapore Pte Ltd 105 Cecil Street #09-01 The Octagon Singapore 069534
CONTACT	:	Ms Dolores Phua / Mr Joey Ho
DURING OFFICE HOURS	:	at telephone 6534-5122
EMAIL	:	dolores.phua@citigatedewerogerson.com / joey.ho@citigatedewerogerson.com