

NEWS RELEASE

NERATEL REPORTS 15.8% GROWTH IN 1H 2017 REVENUE TO S\$94.4 MILLION; 1H 2017 NET PROFIT OF S\$4.3 MILLION

- ***Network Infrastructure and Wireless Infrastructure Network segments secured S\$76.7 million and S\$45.5 million order in-take respectively***
- ***Balance sheet remains strong with net cash of S\$19.7 million***
- ***Proposed interim dividend of SGD 1.00 cent per share***
- ***To continue pursuing growth in Security, Data Centre and Cloud business verticals to ride on the digitisation wave***

Singapore, August 4, 2017 – Mainboard-listed Nera Telecommunications Ltd (“**NeraTel**”, 挪拉电讯, or the “**Group**”), a leading Communications and Network Solutions Provider, announced today a 15.8% increase in revenue for the six-month financial period ended June 30, 2017 (“**1H 2017**”) to S\$94.4 million, boosted mainly by a 20.6% rise in contributions from the Network Infrastructure (“**NI**”) segment.

Mr. Beck Tong Hong (麦东宏), CEO of NeraTel, said, “Recognising a growing need for network security, IP and data centre/cloud business solutions, we remain focused on driving growth for NeraTel especially in the NI segment, where we have gained traction with a 25.7% increase in order in-take. The Wireless Infrastructure Network segment continues to leverage on its strong track record and capabilities to maintain market share and support the Group's growth.”

NeraTel has on August 1, 2017 announced \$14.9 million worth of new contracts for both business segments – S\$7.0 million worth of contracts from a government entity in the Philippines and S\$7.9 million from telecom operations in North Africa to facilitate 4G roll-out in the region.

Coupled with several other contracts secured in April this year, the Group's total order in-take was lifted to S\$122.2 million. The NI segment has accumulated order in-take of S\$76.7 million compared to S\$61.0 million in the equivalent period last year ("**1H 2016**"). Similarly, the Wireless Network ("**WIN**") segment secured S\$45.5 million of order in-take, 2.0% higher than the S\$44.6 million in 1H 2016.

Financial Performance

For 1H 2017, both the NI and WIN segments reported stronger revenue – NI contributed 20.6% higher revenue of S\$61.4 million compared to S\$50.9 million last year. The WIN segment saw a 7.7% increase in revenue to S\$33.0 million compared to S\$30.6 million in 1H 2016. NI continues to be the dominant revenue driver at 65.0% while the remaining 35.0% was contributed by WIN.

Gross profit for the six-month period declined marginally by 1.1% to S\$23.1 million in 1H 2017 from S\$23.3 million in 1H 2016, due to a change in sales mix that had led to lower gross margins, as well as lower write-back from project closures.

NeraTel recorded a 16.5% increase in profit before tax of S\$7.0 million compared to S\$6.0 million a year ago, lifted by higher other operating income as well as lower foreign exchange losses and interest expense.

Lower foreign exchange loss contributed to a 3.9% decline in Total Operating Expenses. The Group also incurred a one-off S\$1.0 million adjustment for differences in tax assessment and tax estimates made in prior years for foreign subsidiaries. Notwithstanding the impact of the tax adjustment, NeraTel reported a 0.2% year-on-year improvement in its 1H 2017 net profit of S\$4.3 million.

For the financial quarter ended June 30, 2017 ("**2Q 2017**"), NeraTel reported a slight 1.3% decrease in turnover to S\$50.3 million compared to S\$50.9 million a year ago ("**2Q 2016**"). NeraTel achieved a 5.5% improvement in profit before tax of S\$3.5 million from S\$3.3 million across the comparative periods.

Impacted mainly by the S\$1.0 million one-off tax adjustment, the Group reported a 40.1% decrease in 2Q 2017 net profit of S\$1.4 million from S\$2.4 million in 2Q 2016.

NeraTel had on April 27, 2017 announced the release of S\$10.0 million in Escrow Amount relating to the disposal of its Payment Solutions business. It had fully utilised the S\$10.0 million to pay down its debts, resulting in a 92.4% decrease in borrowings to S\$0.7 million as at June 30, 2017 compared to S\$9.6 million as at December 31, 2017.

As a result of the above, the Group's balance sheet was strengthened, with S\$20.5 million in cash and bank balances as at June 30, 2017, net cash of S\$19.7 million and shareholder equity of S\$68.7 million.

Interim Dividend

In line with NeraTel's commitment to enhance shareholder value while preserving sufficient resources to pursue long-term sustainable growth, the Group has proposed an interim one-tier tax exempt cash dividend of Singapore 1.00 cent per share.

Outlook and Growth Strategies

Having grown 18-fold over the past 5 years, global mobile data traffic grew 63% in 2016 and global mobile data traffic is expected to increase seven-fold between 2016 and 2021 at a 47% CAGR¹. NeraTel expects Service Providers to continue investing and upgrading their networks to support this rapid growth of data traffic.

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

Similarly, cybersecurity spending is projected to exceed US\$1 trillion to grow at a 7.8% CAGR between 2017 and 2021, in response to a dramatic rise in cybercrime². Gartner also predicts cloud computing to attain a 19% 5-year CAGR to reach US\$162 billion in 2020³.

“With a global footprint, four decades of established track record for a wide variety of projects, supported by one of the region’s largest teams of certified professionals and capabilities to provide complete turnkey solutions, we are confident that NeraTel is well positioned to capture growth opportunities amidst a global shift towards digitisation.

“These competitive advantages allow us to create values for our customers, and to deliver complex solutions accurately, timely and at competitive prices. Our recent project wins are a testament of the effectiveness of our business model and value propositions as we continue to seek to extend our value chain vertically in the areas of Network Security, Data Centre, Software Defined Networking and Cloud Infrastructure, within and beyond our existing markets,” commented Mr. Beck.

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.

² CSO, June 14, 2016 – [Cybersecurity spending outlook: S\\$1 trillion from 2017 to 2021](#)

³ Forbes, April 29, 2017 – [Roundup of cloud computing forecasts, 2017](#)

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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August 4, 2017