



NERA TELECOMMUNICATIONS LTD

**1H 2017 Results Presentation
August 4, 2017**

- Financial Highlights (Continuing Operations)
- Recent Developments
- Outlook & Strategies
- Q&A



FINANCIAL HIGHLIGHTS

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KEY FINANCIAL HIGHLIGHTS

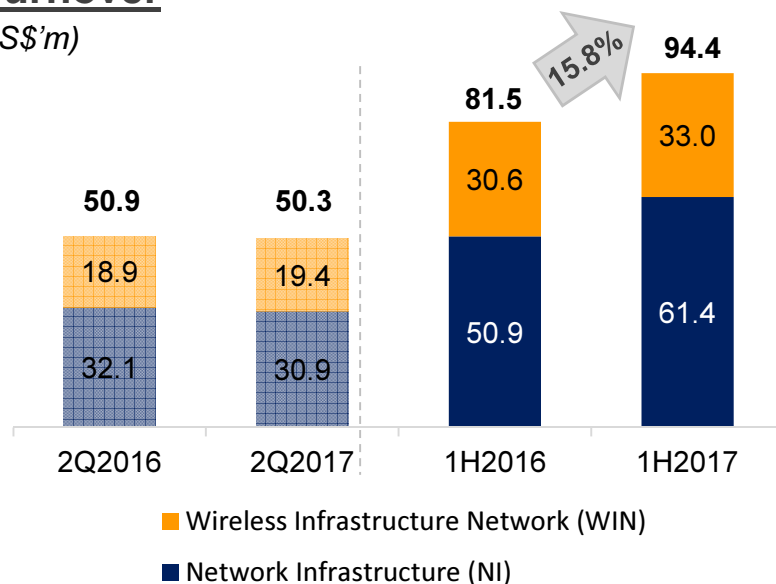
CONTINUING OPERATIONS



Nera Telecommunications Ltd

Turnover

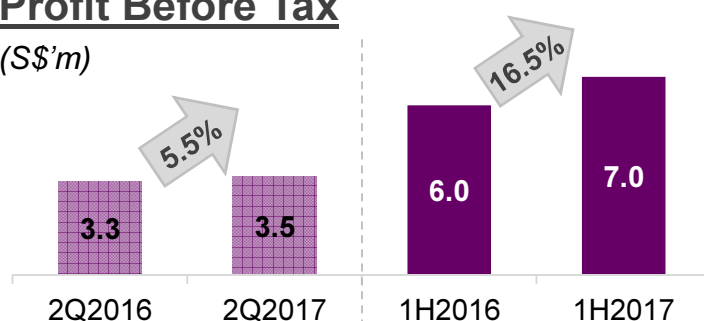
(S\$m)



- 1H 2017 turnover rose 15.8% due to stronger performance in both segments
 - NI: 20.6% growth
 - WIN: 7.7% growth
- 1H 2017 gross profit decreased slightly by 1.1% to S\$23.1 million compared to S\$23.3 million in 1H 2016
 - Due to changes of sales mix in products, projects and services
 - Lower writeback from project closures

Profit Before Tax

(S\$m)



- 16.5% growth for 1H 2017 profit before tax
 - Higher operating income
 - Lower forex loss
 - Lower interest expense

KEY FINANCIAL HIGHLIGHTS

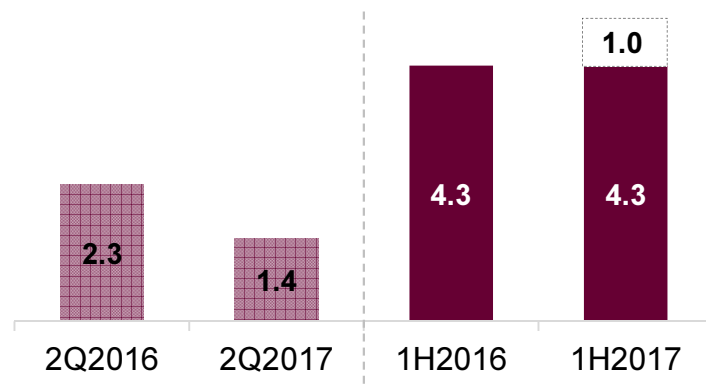
CONTINUING OPERATIONS



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Net Profit

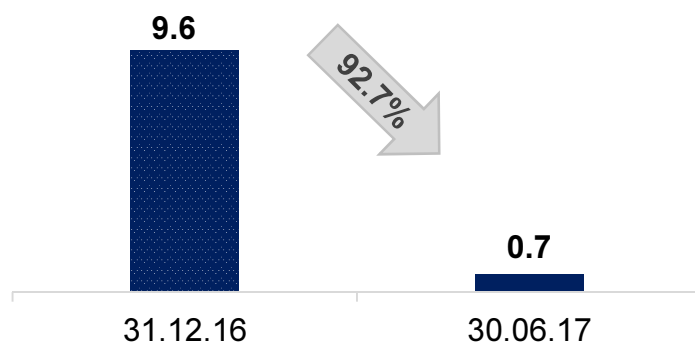
(S\$m)



- Net profit for 1H 2017 remained steady at S\$4.3 million
 - Impacted by S\$1.0 million one-off tax adjustment for differences in tax assessment and tax estimates made in prior years for foreign subsidiaries
- Strengthened balance sheet (as at June 30, 2017):
 - S\$10.0 million escrow amount released on April 27, 2017 used to pay down debts
 - S\$20.5 million in cash and bank balances
 - S\$19.7 million net cash

Total Borrowings

(S\$m)



KEY FINANCIAL HIGHLIGHTS

Continuing Operations

S\$'m	2Q 2017	2Q 2016	Change	1H 2017	1H 2016	Change
Turnover	50.3	50.9	(1.3)%	94.4	81.5	15.8%
Gross Profit	11.7	13.3	(11.5)%	23.1	23.3	(1.1)%
Gross Profit Margin (%)	23.4	26.0	(2.6) <i>pt</i>	24.4	28.6	(4.2) <i>pt</i>
Total Operating Expenses	8.4	9.8	(14.4)%	16.5	17.2	(3.9)%
Net Profit After Tax	1.4	2.4	(40.1)%	4.3	4.3	0.2%
Net Profit Margin (%)	2.8	4.7	(1.9) <i>pt</i>	4.5	5.2	(0.7) <i>pt</i>
Basic and Fully Diluted EPS (SGD Cents)	0.39	0.66	(40.9)%	1.18	1.18	-
Basic and Fully Diluted EPS (SGD Cents)	0.68 *	0.66	3.0%	1.47 *	1.18	24.6%
NAV/Share (SGD Cents)	June 30, 2017			December 31, 2016		
	18.99			18.31		

* Exclude the one off tax adjustment of S\$1.0 million

KEY FINANCIAL HIGHLIGHTS

Continuing Operations

S\$m	June 30, 2017	December 31, 2016
Current Assets	144.0	137.6
Current Liabilities	80.0	69.8
Net Current Assets	64.0	67.8
Total Assets	149.1	143.2
Total Liabilities	80.4	76.9
Total Borrowings	0.7	9.6
Cash and Bank Balances	20.5	22.8
Net Cash	19.7	13.2

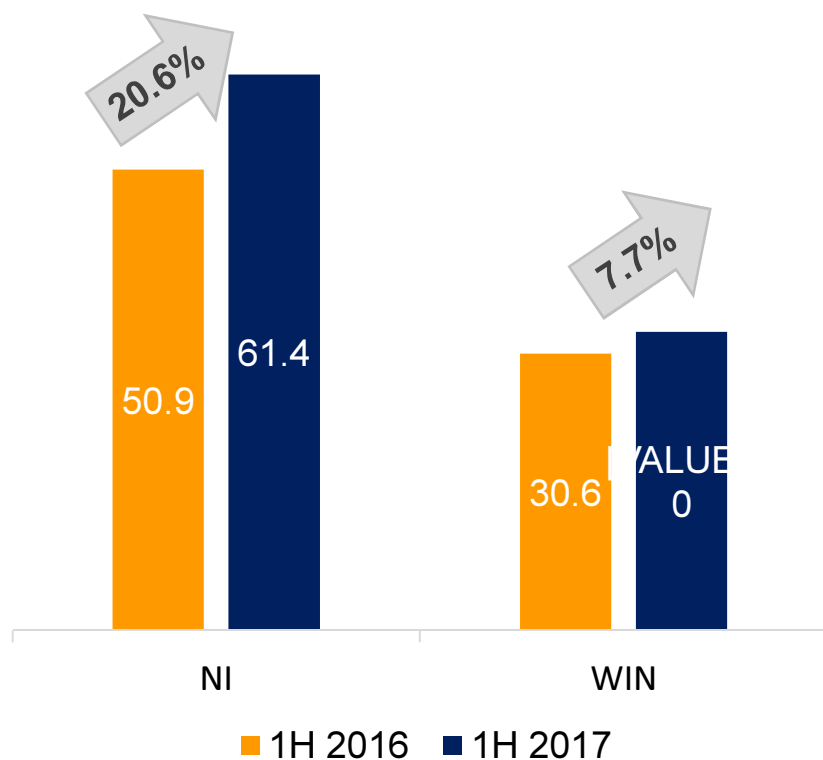
KEY FINANCIAL HIGHLIGHTS

Business Segments

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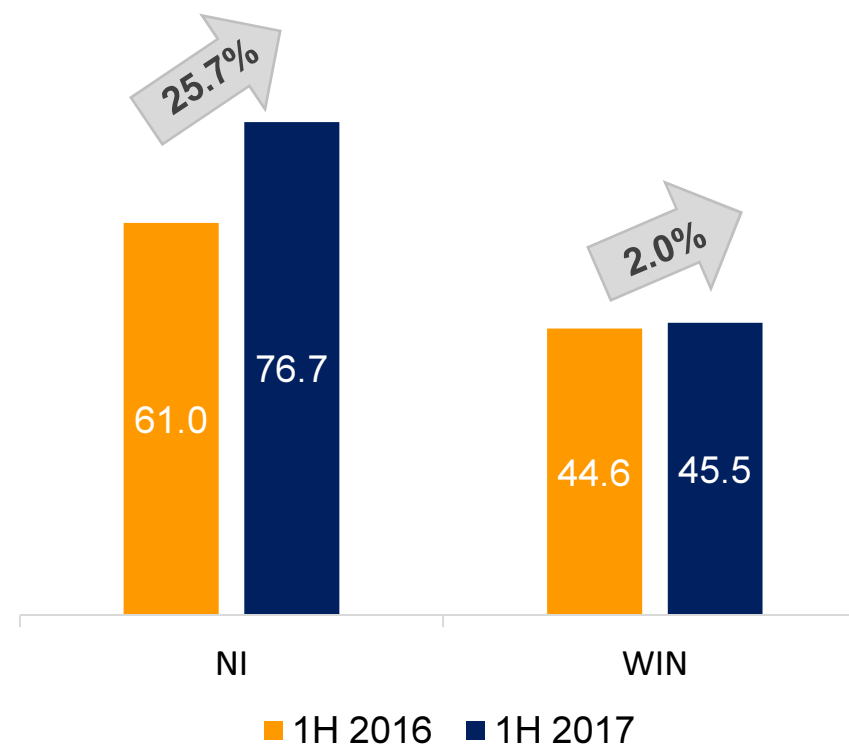
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Turnover (S\$m)



Order In-Take (S\$m)

Total 1H 2017 Order-In-Take:
S\$122.2M



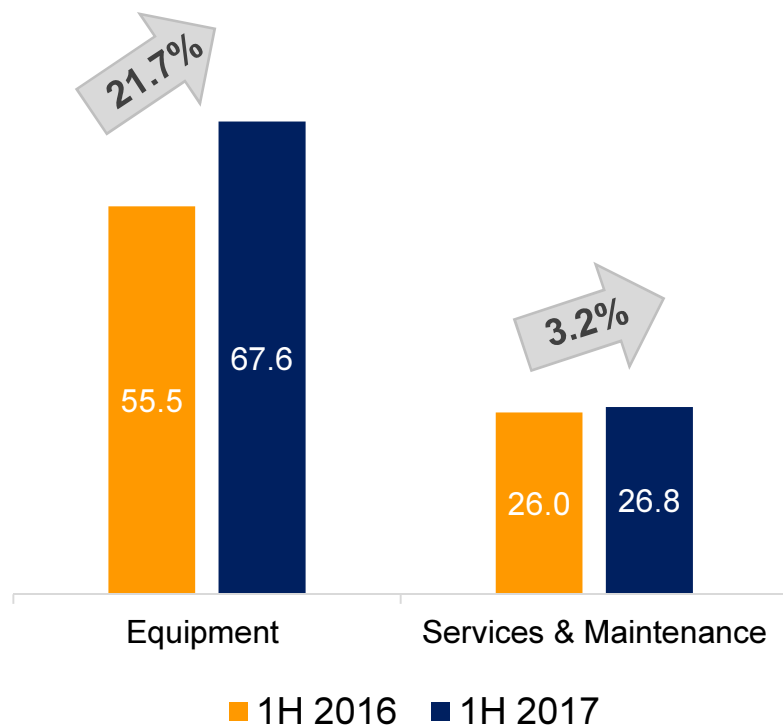
KEY FINANCIAL HIGHLIGHTS

Breakdown By Nature

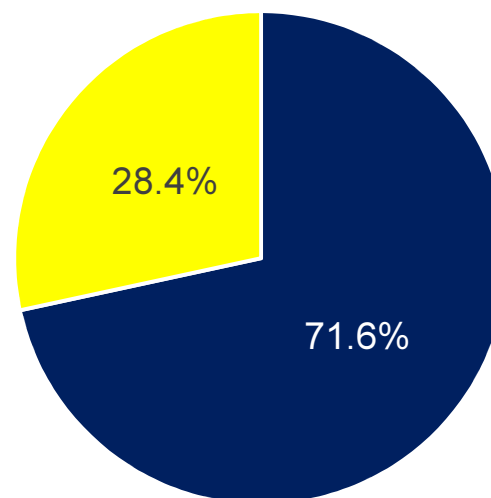
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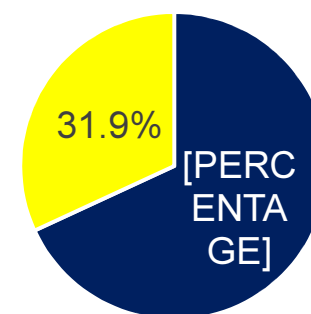
Turnover (S\$'m)



1H 2017



1H 2016



- Equipment Sales
- Services & Maintenance

KEY FINANCIAL HIGHLIGHTS

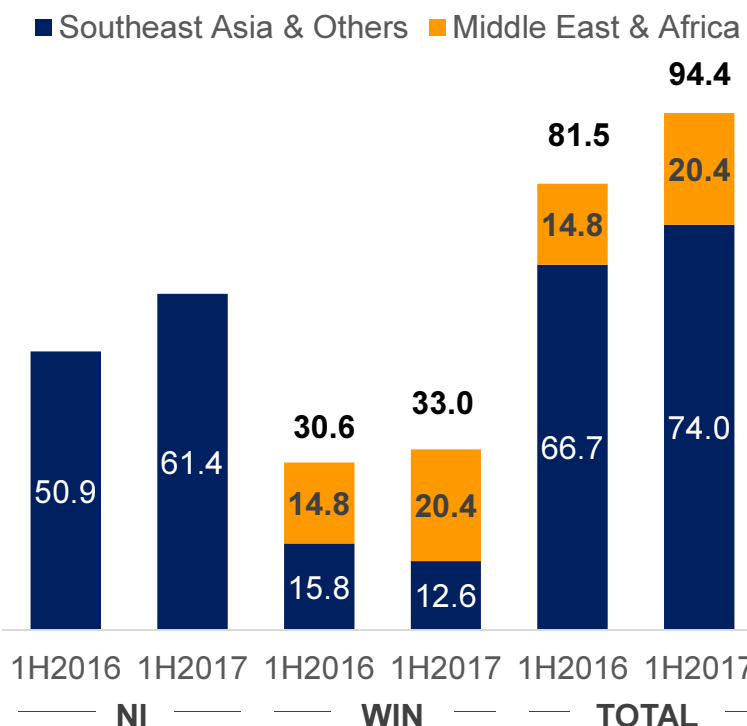
Turnover By Region

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Turnover

(S\$m)



- In 1H 2017, NI segment turnover increased by 20.6% Y-o-Y from higher sales from Service Provider markets in Singapore, Indonesia, Philippines and Australia
- In 1H 2017, WIN segment turnover increased by 7.7% Y-o-Y
 - Middle East and Africa region increased by 37.8% Y-o-Y
 - SEA and others region decreased by 20.3% Y-o-Y
- Overall, total turnover from SEA and others region, as well as the Middle East and Africa region increased by 10.9% and 37.8%, respectively

RECENT DEVELOPMENTS

RECENT DEVELOPMENTS

New Contract Wins (2017)

NI



Order In-Take: S\$76.7m



August: S\$7.0m information system communication network equipment contract from Government entity in the Philippines



April: S\$7.15m security application equipment contract from leading Telco in the Philippines



April: S\$19.9m IP Network Equipment contract from Singapore's leading Service Providers

WIN



Order In-Take: S\$45.5m



S\$7.9m Transmission Equipment contract from North African operators for 4G rollout

- Repeat 'Grade A' customers
- Testament of NeraTel's value proposition and capabilities to provide turnkey solutions
- Total order in-take lifted to S\$122.2 million

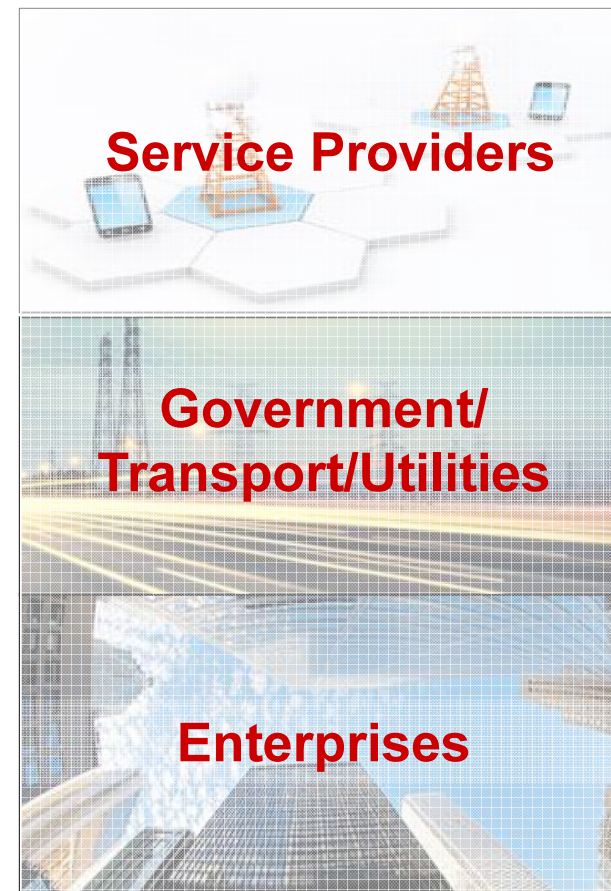
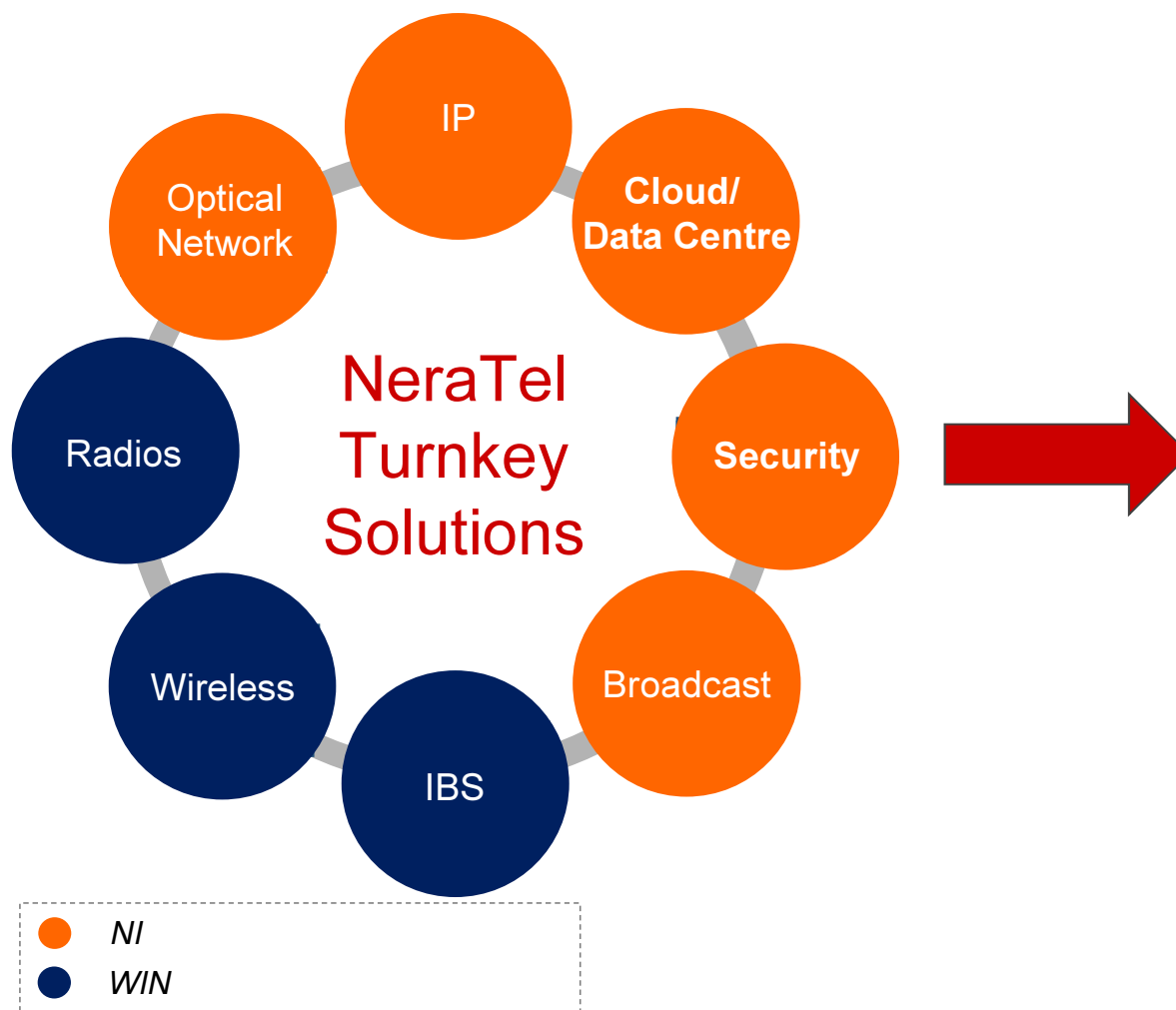
OUTLOOK & STRATEGIES

TURNKEY SOLUTIONS

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Nera Telecommunications Ltd

We are a **global solution provider** and we provide **technological solutions** to **ease our customers' pain points**, help them **transform**, and **grow** their business



What Makes NeraTel Different

- 1** Global Footprint
- 2** 4 decades of established track record
- 3** One of region's largest team of certified professionals
- 4** End-to-end capabilities to provide turnkey solutions

What This Means For Customers

- Value Creation
- Peace of Mind
- Complex solutions delivered accurately
- Competitive
- Reliable



Mobile Data Traffic

6_x

Global mobile data
traffic growth (2015-2021)

47%

Global mobile data
traffic CAGR (2015-2021)



Cybersecurity

>US\$ 1T

Cybersecurity spending
(2017-2021)

7.8%

Cybersecurity spending
CAGR (2017-2021)



Cloud Computing

US\$ 162B

Cloud computing spending
(2020)

19%

Cloud computing spending
CAGR (2017-2021)

Sources:

Cisco, February 7, 2017 – [Cisco Visual Networking Index: Global Mobile Data Traffic Forecast Update, 2016-21 White Paper](#)
CSO, Jun 14, 2016 – [Cybersecurity spending outlook: \\$1 trillion from 2017 to 2021](#)
Forbes, April 29, 2017 – [Roundup of cloud computing forecasts, 2017](#)

- Reap synergies from complementary businesses to offer turnkey solutions to clients
- Grow recurring Service & Maintenance revenue stream for sustainable long-term growth

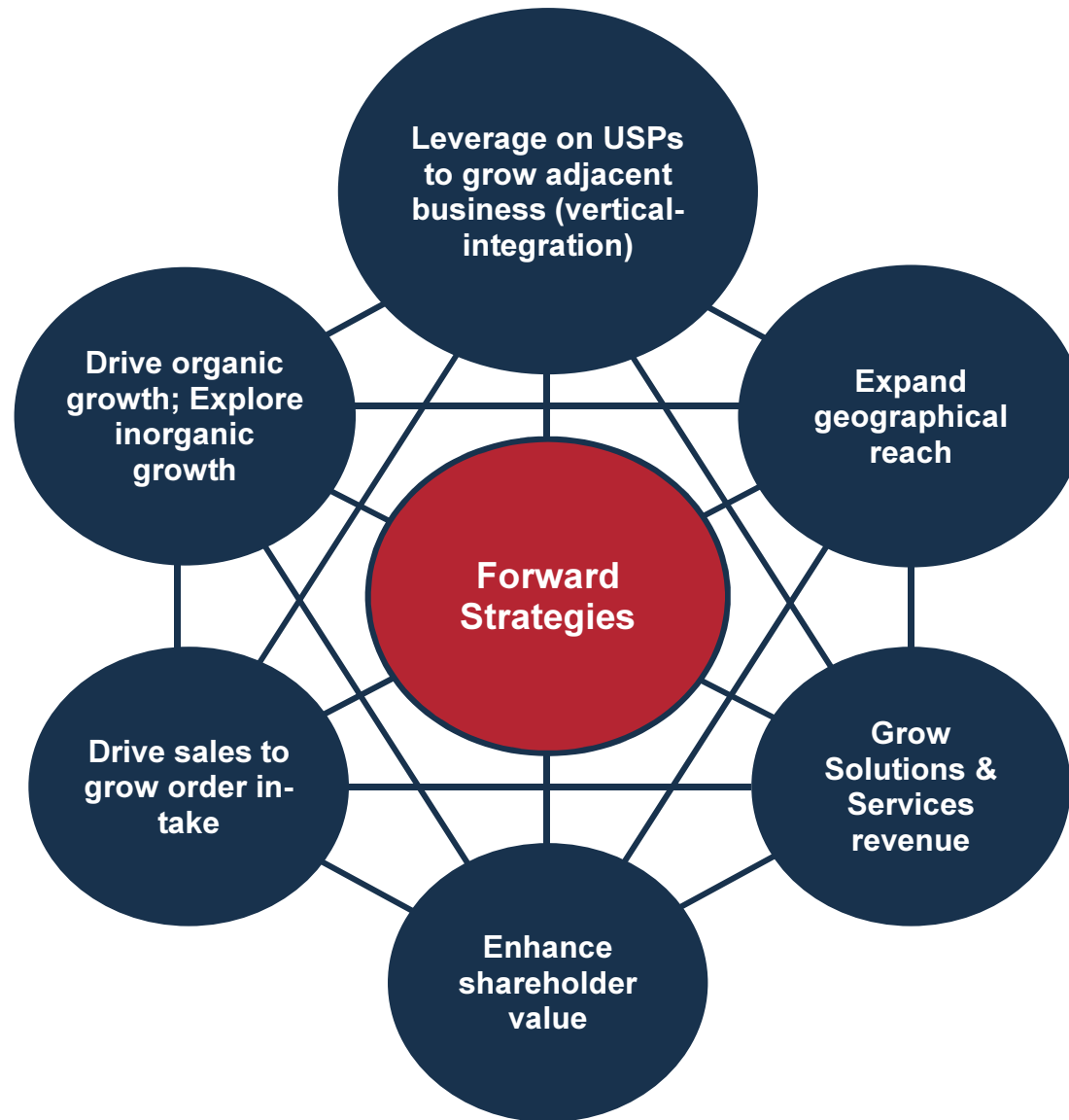
Network Infrastructure

- Network Security
- Data Centre/Cloud

Wireless Infrastructure Network

- Capitalise on proliferation of data and demand from telcos to upgrade network
- Continue to provide a comprehensive suite of wireless solutions to meet the demands of our customers

Key Strategic Initiatives



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THANK YOU