

NEWS RELEASE

NERATEL ACHIEVES 50.6% GROWTH IN NET PROFIT TO S\$2.9 MILLION ON STRONG REVENUE UPTICK FOR Q1 2017

- ***Driven by growth in both business segments – Network Infrastructure and Wireless Infrastructure Network***
- ***Q1 2017 order in-take stands at S\$58.7 million, includes S\$27.05 million worth of recently secured contracts for IP network and security application equipment***
- ***To continue to invest in Security, Data Centre and Cloud business verticals to ride on the digitisation wave***

Singapore, May 4, 2017 - Mainboard-listed Nera Telecommunications Ltd (“**NeraTel**”, 挪拉电讯, or the “**Group**”), a leading Communications and Network Solutions Provider, announced today that its net profit for the first quarter ended March 31, 2017 (“**Q1 2017**”) grew 50.6% to S\$2.9 million, from S\$1.9 million in the same corresponding period last year (“**Q1 2016**”). This was achieved on the back of a robust 44.3% growth in revenue to S\$44.1 million, up from S\$30.6 million over the same period.

Mr. Beck Tong Hong (麦东宏), Acting CEO of NeraTel, said, “We are pleased to have achieved a strong quarter, lifted by higher turnover from both our Network Infrastructure and Wireless Infrastructure Network segments. Notably, our Network Infrastructure business segment has achieved a commendable surge in revenue, a clear signal of the industry demands for network security, IP and data centre/cloud business solutions.”

NeraTel has seen initial successes from its identified areas of growth such as network security and cloud solutions. The Group recently secured S\$7.15 million worth of network security-related solutions for a leading telecom operator in the Philippines and S\$19.9 million worth of IP network solutions contracts from Singapore's leading Service Providers. With these affirmations from tier-one customers, the Group intends to expand its reach in these business verticals to other sectors.

"Being amongst the top regional system integrators or solution providers in this part of the world, we have in place a strong and established technology ecosystem and the capability to design and implement a complete suite of end-to-end solutions. We will continue to provide robust, high performing and cost-effective network solutions to our customers so that they can better cope with the increasing demands for high-speed and reliable broadband connectivities," added Mr. Beck.

Financial Performance

On a segmental basis, both Wireless Infrastructure Network ("**WIN**") and the Network Infrastructure ("**NI**") business segments recorded topline growth in the review period. Revenue contributions from the NI segment surged 62.1% to S\$30.5 million in Q1 2017, from S\$18.8 million in Q1 2016, mainly due to higher sales of network equipment to the Service Provider market. NI contributed a majority 69.2% of the Group's Q1 2017 revenue. The WIN segment, which made up the remaining 30.8% of Group revenue, increased 15.8% to S\$13.6 million from S\$11.8 million over the same period.

The recurring Services and Maintenance revenue contributed 29.1% of the Group's Q1 2017 revenue, while revenue from Equipment sales contributed to the remaining 70.9%.

Gross profit rose 12.7% to S\$11.3 million in Q1 2017, up from S\$10.0 million in Q1 2016, in line with higher sales.

Other operating income increased 69.2% in Q1 2017 to S\$0.4 million from S\$0.2 million in Q1 2016, mainly due to income generated from services rendered to Ingenico to facilitate a smooth transition after the divestiture of the Group's Payment Solutions business, partially offset by government subsidies in relation to lower wages credit scheme payment received.

In Q1 2017, total operating expenses increased by 9.9% to S\$8.1 million from S\$7.4 million in Q1 2016 mainly due to higher payroll and rental costs, in line with higher revenue and expansion of offices in certain countries, respectively, offset by lower allowance for doubtful debts.

Other operating expenses rose S\$0.4 million largely due to higher foreign exchange loss from the weakening of the USD against the SGD.

Correspondingly, net profit increased 50.6% to S\$2.9 million in Q1 2017, from S\$1.9 million in Q1 2016.

The Group's balance sheet remains healthy, with S\$19.1 million in cash and bank balances as at March 31, 2017, net cash of S\$9.4 million and shareholder equity of S\$68.8 million.

Outlook and Growth Strategies

Notwithstanding a challenging operating environment and market competition, overall, the Group secured approximately S\$58.7 million in order in-take in Q1 2017 largely driven by the growth of the NI business segment. This was a marginal 1.4% decline as compared to S\$59.6 million in Q1 2016.

Mobile data consumption is expected to increase seven-fold by 2021, driven by an expansion of networks, amongst other factors¹, prompting Service Providers to continue investing and upgrading their network to support the rapid growth of data consumption.

On the Group's forward strategies, Mr. Beck commented, "For the NI segment, we will look to build competencies and solutions in the domains of Network Security, Data Centre, Software Defined Networking and Cloud Infrastructure. We are seeing a renewed focus on network security solutions for the enterprise and government sectors with the recent spate of high-profile cyberattacks and network security breaches, presenting an opportunity for us to deepen our exposure and solution offerings in network security. Our Cloud/Data Centre capabilities will also allow us to tap opportunities arising from the rapid adoption of Cloud-related services.

"Our WIN business is well-positioned to capitalise on the digitisation wave as Service Providers look to increase capacity and expand coverage of their network to meet their customers' demands. WIN segment's complementary offerings also serve to support our overall strategy to provide end-to-end network solutions.

"Overall, we are focused on the growth of NeraTel and that includes exploring the possibility of entering new sectors to extend vertically and new geographical markets."

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 *Business Insider, February 9, 2017 – Mobile data will skyrocket 700% by 2021*

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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