

NERA

FY2018 RESULTS PRESENTATION

1 March 2019

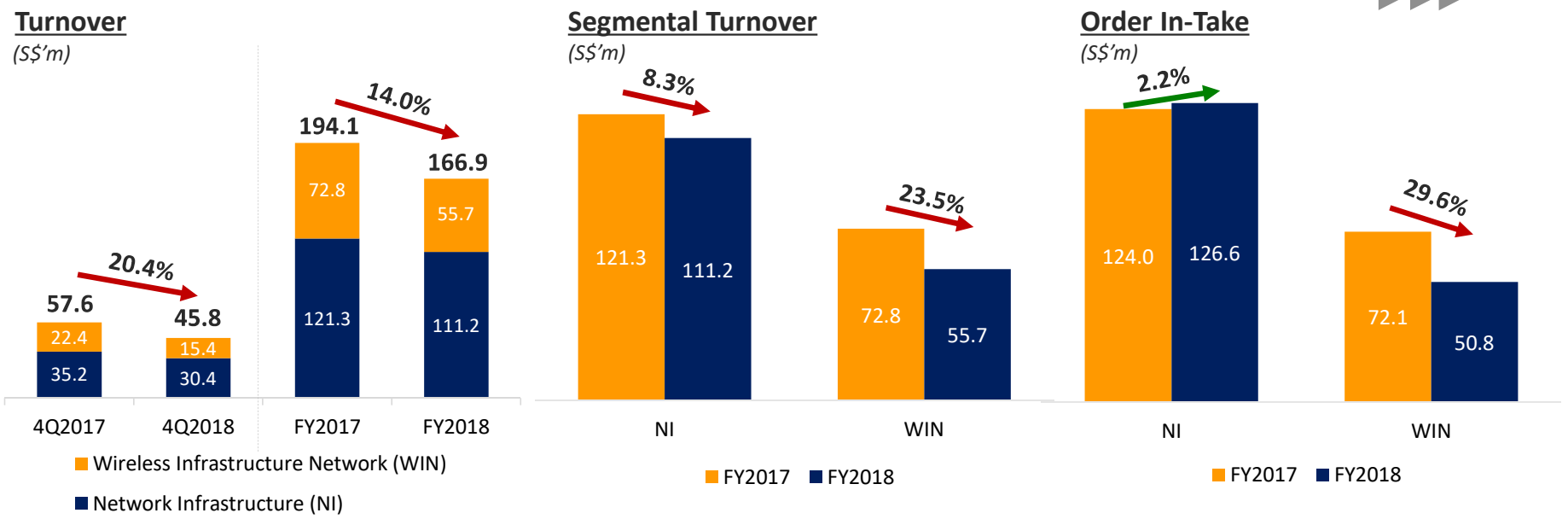
AGENDA

- Financial Highlights
- Recent Developments
- Outlook & Strategies
- Q&A

Nera Telecommunications Ltd
FY2018 Results Presentation

FINANCIAL HIGHLIGHTS

KEY FINANCIAL HIGHLIGHTS

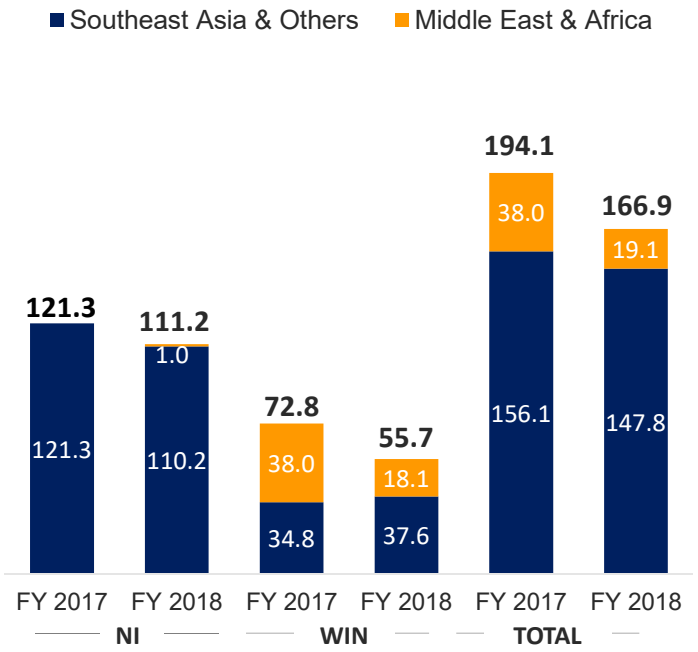


- FY2018 turnover lower by 14.0% due mainly to lower order-in-take from the Middle East and Africa markets and delays in project completion for both segments
- NI: Lower turnover from Service Provider markets mainly in Australia and Philippines, partially offset by higher turnover in Myanmar and Pakistan
- WIN: Lower turnover mainly from the Middle East and Africa markets, partially offset by higher turnover in Singapore and Philippines
- Total FY2018 order in-take fell 9.5% to S$177.4 million, compared to S$196.1 million in FY2017

KEY FINANCIAL HIGHLIGHTS

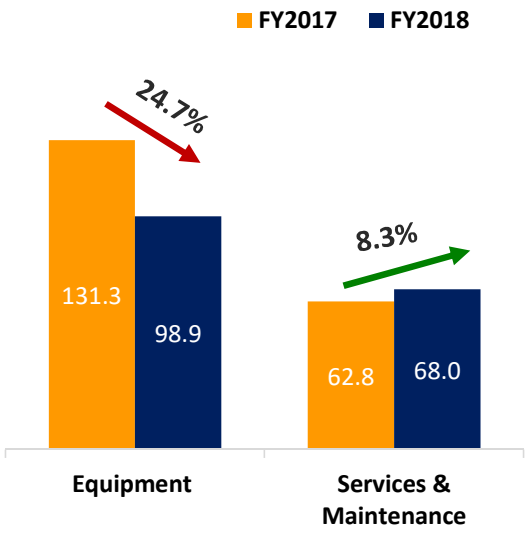
Turnover by Geography

(S$'m)

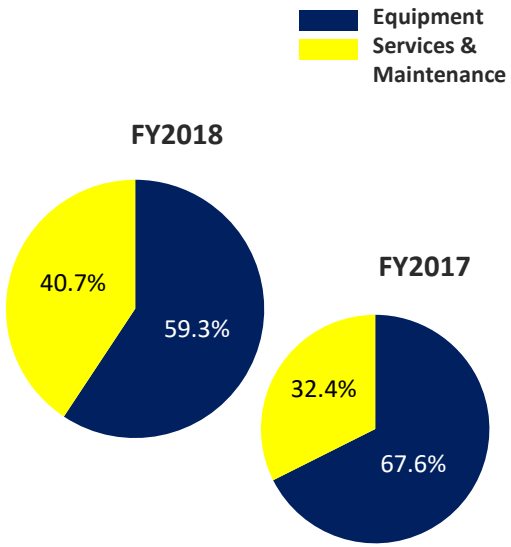


Turnover (By Nature)

(S$'m)



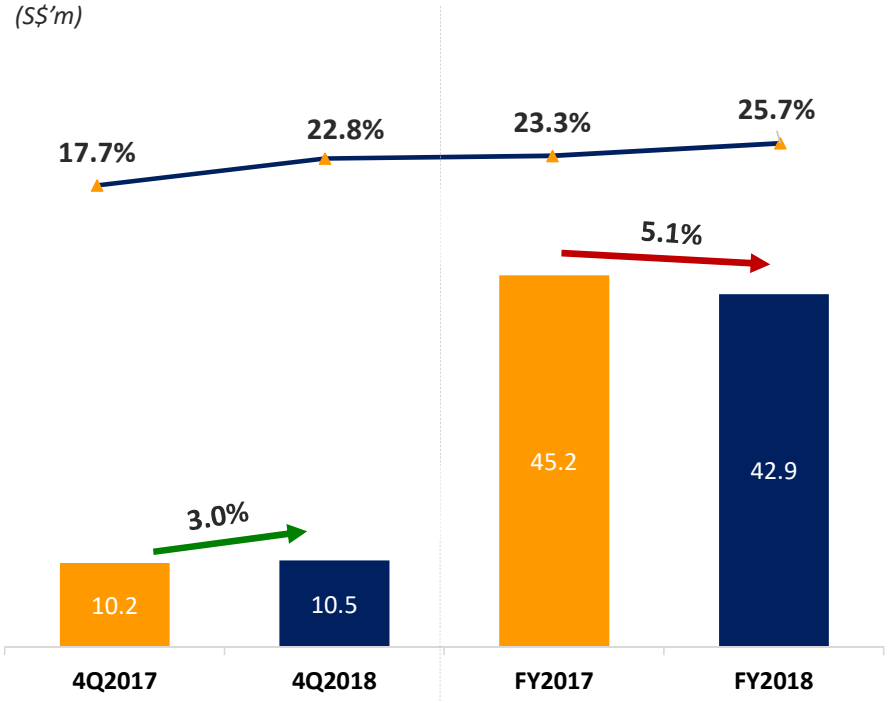
Breakdown (By Nature)



KEY FINANCIAL HIGHLIGHTS

Gross Profit

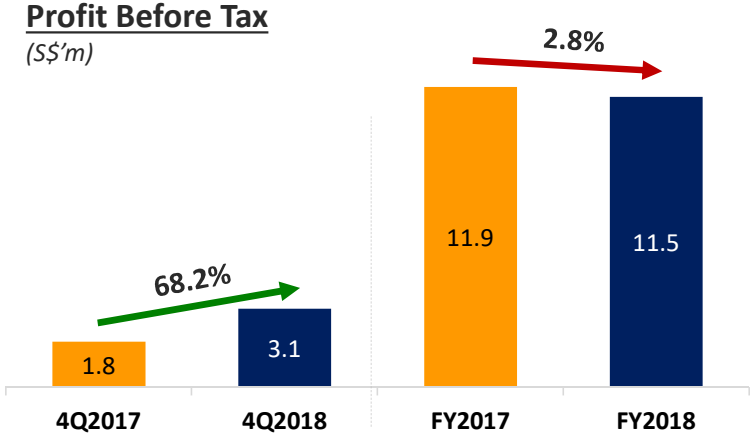
(S$'m)



- FY2018 gross profit fell 5.1% to S$42.9 million in tandem with lower turnover
- Gross profit margin increased to 25.7% mainly due to a positive net movement from warranty provision and higher margin projects recognised for the year

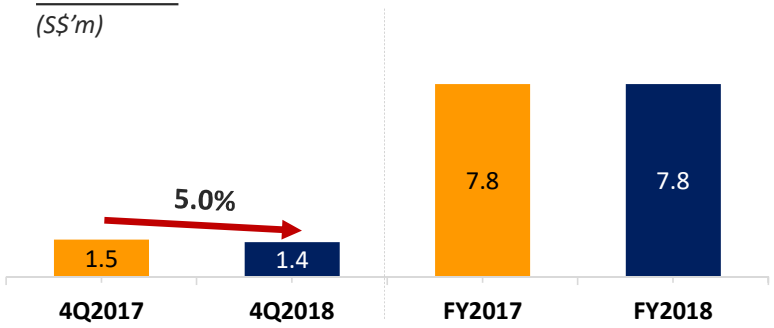
KEY FINANCIAL HIGHLIGHTS

Profit Before Tax
(S$'m)



- 2.8% decrease for FY2018 profit before tax ("PBT")
  - Lower gross profit
  - Lower other operating income
  - Partially offset by lower operating expenses

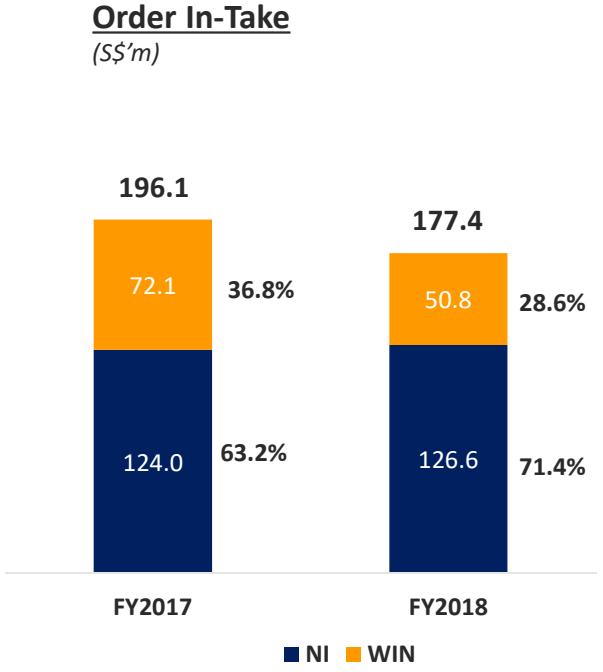
Net Profit
(S$'m)



- Consistent net profit with FY2017 at S$7.8 million
  - Net profit margin rose to 4.6% (FY2017: 4.0%)

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ORDER IN-TAKE



Recent Contracts

Feb 2018: S$2.2m IP network equipment contract (NI) for major Telco in Singapore – repeat Grade-A customer

Feb 2018: S$1.0m first contract awarded by key Malaysian Telco for design, supply, delivery, installation, maintenance and management of internet service (NI)

Jul 2018: S$8.5m contract awarded by leading service provider in Southeast Asia for provision of internet service infrastructure (NI)

Jul 2018: S$3.2m contract to supply microwave links to a government entity in the Middle East (WIN)

Aug 2018: S$11.8m worth of NI contracts to provide NI equipment and maintenance for a leading service provider in Southeast Asia

Nov 2018: S$7.8m worth of NI contract to supply, install, commission and managed services of a Wi-Fi Infrastructure network for a major Government entity in Southeast Asia

KEY FINANCIAL HIGHLIGHTS

S$'m	4Q2018	4Q2017	Change (%)	FY2018	FY2017	Change (%)
Turnover	45.8	57.6	(20.4)	166.9	194.1	(14.0)
Gross Profit	10.5	10.2	3.0	42.9	45.2	(5.1)
Gross Profit Margin (%)	22.8	17.7	5.1 *ppt*	25.7	23.3	2.4 *ppt*
Total Operating Expenses	7.4	8.5	(11.9)	31.6	34.0	(7.0)
Net Profit After Tax	1.4	1.5	(5.0)	7.8	7.8	(0.1)
Net Profit Margin (%)	3.1	2.6	0.5 *ppt*	4.6	4.0	0.6 *ppt*
Basic and Fully Diluted EPS (SGD Cents)	0.39	0.42	(7.1)	2.14	2.15	(0.9)
NAV/Share (SGD Cents)	December 31, 2018			December 31, 2017		
	18.42			19.09		

KEY FINANCIAL HIGHLIGHTS

S$'m	December 31, 2018	December 31, 2017
Current Assets	153.0	165.8
Current Liabilities	92.2	101.9
Net Current Assets	60.9	63.9
Total Assets	159.1	171.4
Total Liabilities	92.5	102.3
Total Borrowings	5.5	11.3
Cash and Bank Balances	21.6	20.7
Net Cash	16.1	9.4

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OUTLOOK & STRATEGIES

OUTLOOK – DIGITISATION



Cybersecurity

>US$**248.3B**

Cybersecurity spending
(2023F)

10.2%

CAGR
(2018 - 2023F)



Data Analytics

US$**27B**

Regional big data and business analytics services
(2022F)

15.1%

CAGR
(2017 - 2022F)



Automation

>US$**16.89B**

Network Automation Market
(2022F)

48.7%

CAGR (2016 - 2022F)

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AREAS OF FOCUS

CAPTURING OPPORTUNITIES ARISING FROM THE DIGITISATION WAVE

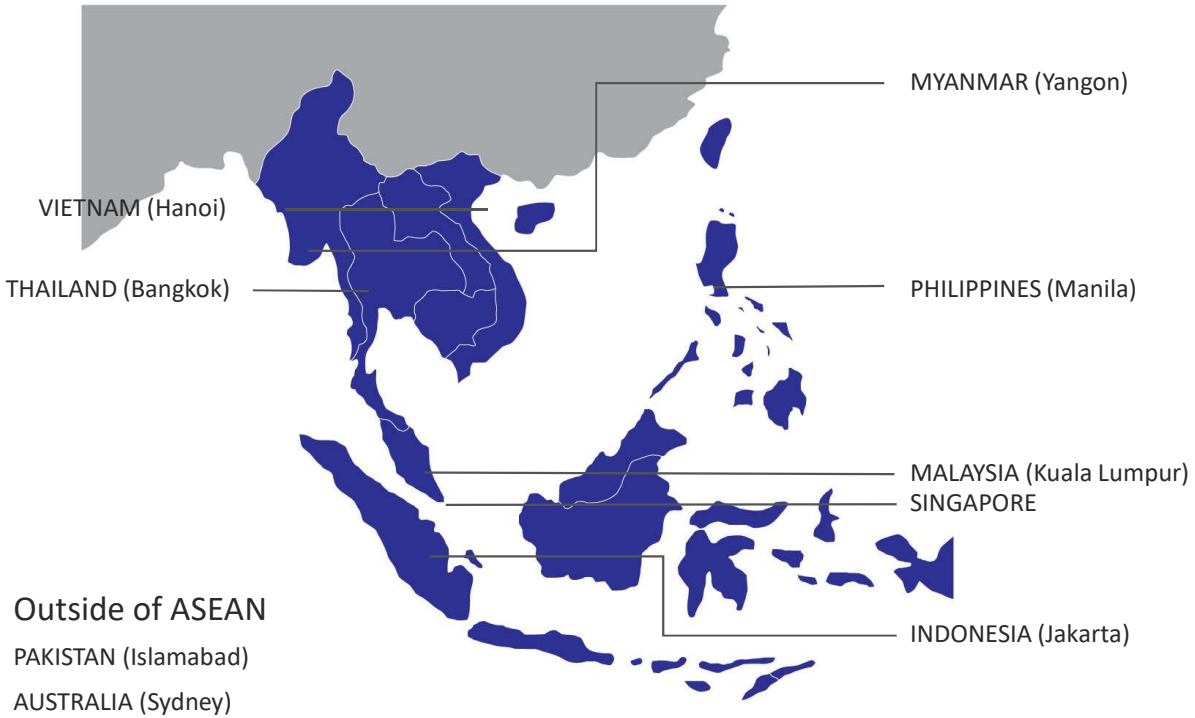
DIGITISATION

- Cybersecurity – protection of personal data; reduces risks of cyber attacks
- Data Analytics – Supports a range of business solutions
- Automation – Improves operational efficiency

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BUILDING A REGIONAL NETWORK

NeraTel's Future Network



Outside of ASEAN

PAKISTAN (Islamabad)

AUSTRALIA (Sydney)

- Focus/deepen penetration within existing markets in ASEAN
- Identified potential new opportunities in Indochina

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THANK YOU



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