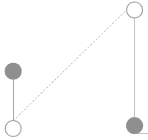




2Q/1H2018 RESULTS PRESENTATION

Aug 08, 2018



AGENDA

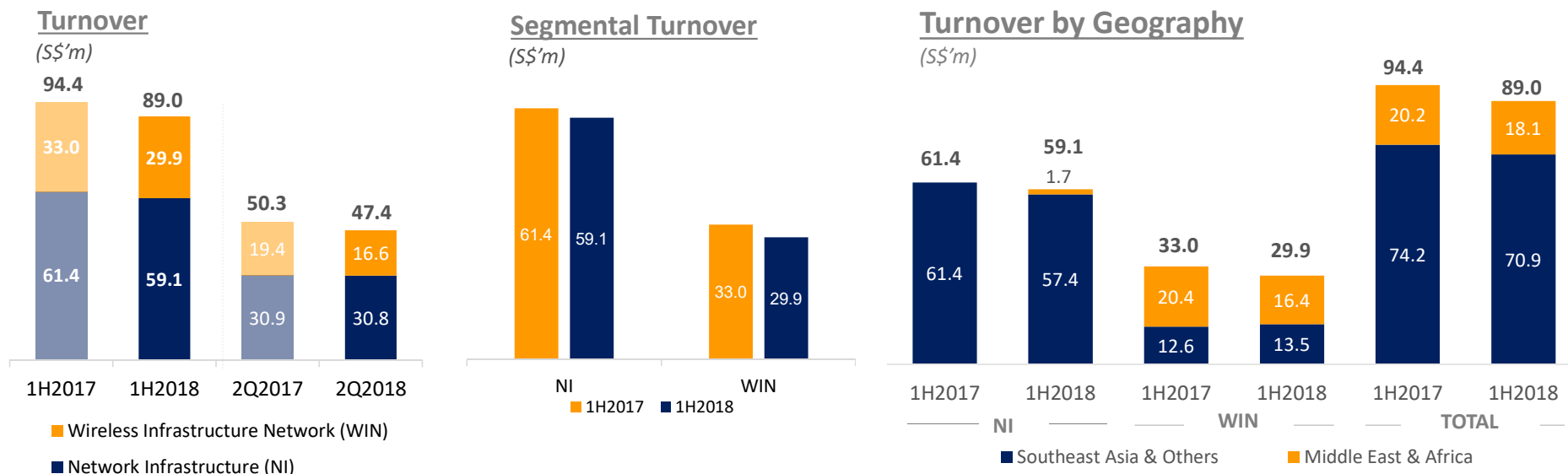
- Financial Highlights
- Recent Developments
- Outlook & Strategies
- Q&A

Nera Telecommunications Ltd

2Q/1H2018 Results Presentation

FINANCIAL HIGHLIGHTS

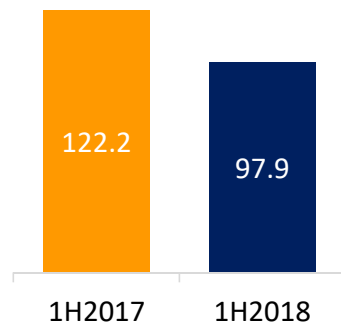
KEY FINANCIAL HIGHLIGHTS



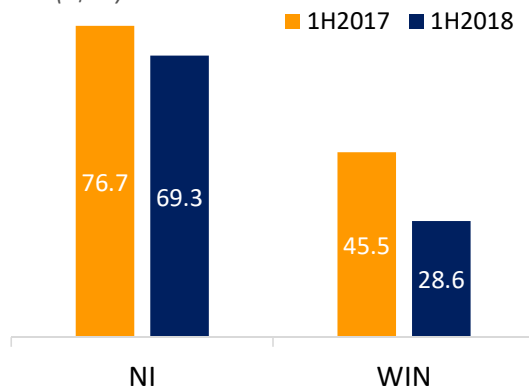
- Lower turnover due to a decrease in contributions from both the NI and WIN segments, resulting from a delay in project completion
- NI: Lower turnover from the Service Provider markets in the Philippines and Indonesia, partially offset by higher turnover from the Service Provider market in Singapore
- WIN: Lower turnover in the Middle East and Africa markets, partially offset by higher turnover in the Philippines

ORDER IN-TAKE

Order In-Take
(S\$'m)



Order In-Take (Segmental)
(S\$'m)



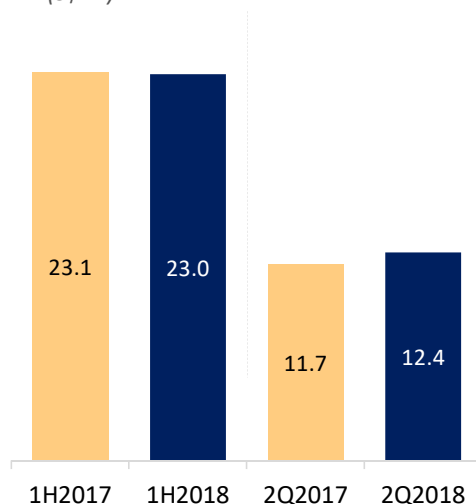
Recent Contracts

- ➔ **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)
- ➔ **July 2018:** S\$8.5m contract awarded by leading service provider in Southeast Asia for provision of internet service infrastructure (NI)
- ➔ **July 2018:** S\$3.2m contract to supply microwave links to a government entity in the Middle East (WIN)

KEY FINANCIAL HIGHLIGHTS

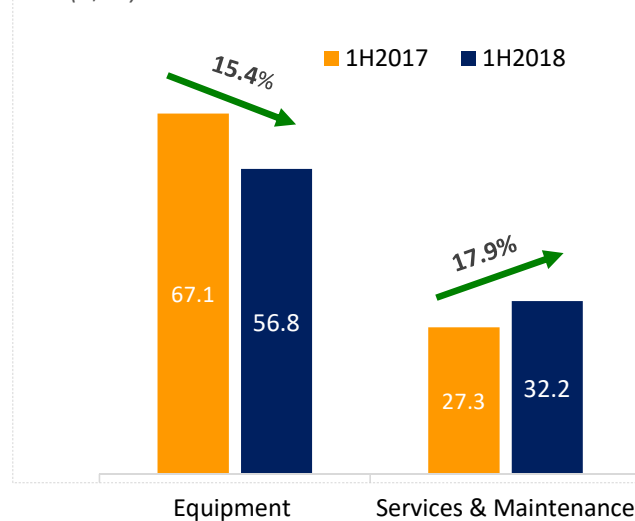
Gross Profit

(S\$m)

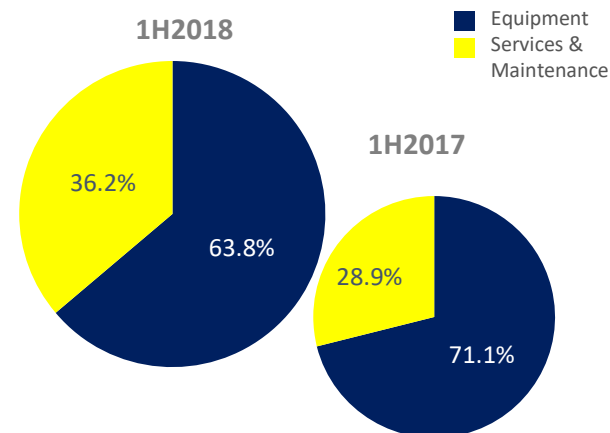


Turnover (By Nature)

(S\$m)



Breakdown (By Nature)

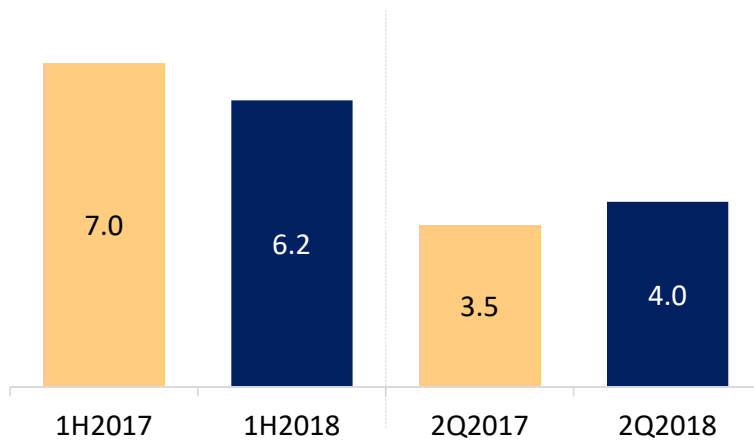


- Despite lower turnover, gross profit rose 5.4% in 2Q2018 to S\$12.4 million from S\$11.7 million in 2Q2017
- 2Q2018 gross margins increased 2.7 percentage points to 26.1% from 23.4% in 2Q2017 while 1H2018 gross margin rose 1.4 percentage points to 25.8% from 24.4% in 1H2017

KEY FINANCIAL HIGHLIGHTS

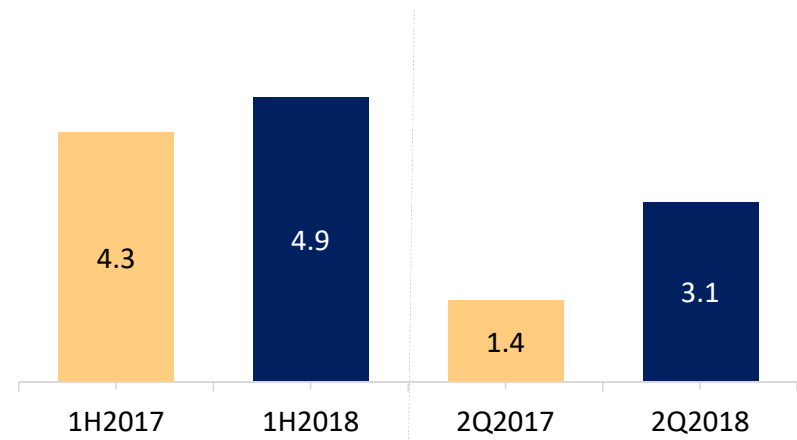
Profit Before Tax

(\$'m)



Net Profit

(\$'m)



- Profit before tax (“PBT”) growth 13.7% in 2Q2018 to \$4.0 million compared to \$3.5 million in 2Q2017 with higher gross profit booked. Lower PBT for 1H2018 compared to 1H2017 mainly due to lower other operating income and higher operating expenses
- Net profit outpaced revenue growth with 118.8% rise in 2Q2018 to S\$3.1 million compared to S\$1.4 million in 2Q2017, and 13.3% growth to S\$4.9 million in 1H2018 compared to S\$4.3 million in 1H2017

KEY FINANCIAL HIGHLIGHTS

S\$'m	2Q2018	2Q2017	Change (%)	1H2018	1H2017	Change (%)
Turnover	47.4	50.3	(5.6)	89.0	94.4	(5.7)
Gross Profit	12.4	11.7	5.4	23.0	23.1	(0.3)
Gross Profit Margin (%)	26.1	23.4	2.7 <i>pt</i>	25.8	24.4	1.4 <i>pt</i>
Total Operating Expenses	8.5	8.4	1.2	17.0	16.5	3.0
Net Profit After Tax	3.1	1.4	118.8	4.9	4.3	13.3
Net Profit Margin (%)	6.6	2.8	3.8 <i>pt</i>	5.4	4.5	0.9 <i>pt</i>
Basic and Fully Diluted EPS (SGD Cents)	0.86	0.39	120.5	1.34	1.18	13.6
NAV/Share (SGD Cents)	June 30, 2018			December 31, 2017		
	18.81			19.29		

KEY FINANCIAL HIGHLIGHTS

S\$'m	June 30, 2018	December 31, 2017
Current Assets	156.2	151.7
Current Liabilities	93.2	87.0
Net Current Assets	63.0	64.6
Total Assets	161.7	157.3
Total Liabilities	93.6	87.5
Total Borrowings	7.7	11.3
Cash and Bank Balances	19.6	20.7
Net Cash	11.9	9.4

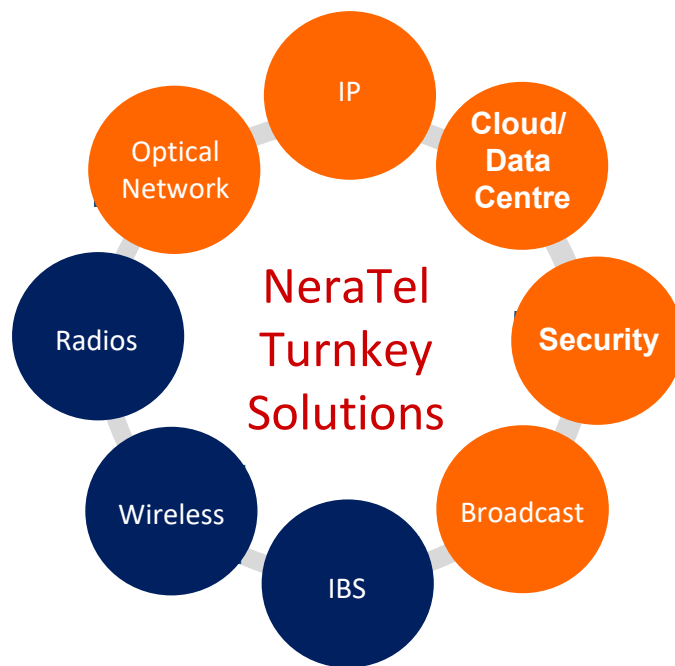
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OUTLOOK & STRATEGIES

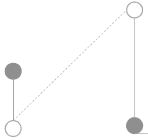
TURNKEY SOLUTIONS

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



● NI
● WIN





CLEAR POSITIONING



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

OUTLOOK – MACRO



Mobile Data Traffic

8_x

Global mobile data
traffic growth (2017-2023)

42%

Global mobile data
traffic CAGR (2017-2023)



Cybersecurity

>US\$ 1T

Cybersecurity spending
(2017-2021)

7.8%

Cybersecurity spending
CAGR (2017-2021)



Cloud Computing

US\$ 178B

Cloud computing spending
(2018)

22%

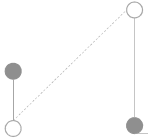
Cloud computing spending
CAGR

Sources:

Ericsson, November 2017 – Mobile data traffic growth outlook

CSO, January 23, 2018 – Top 5 cybersecurity facts, figures and statistics for 2018

Forbes, November 7, 2017 – Forrester's 10 Cloud Computing Predictions For 2018



KEY GROWTH STRATEGIES



- 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

THANK YOU

The NERA logo is rendered in a bold, red, sans-serif typeface. It is positioned centrally over a circular graphic element that features a blue and white design, possibly representing a globe or a technical diagram. The background of the slide is a blurred photograph of server racks in a data center.

NERA

2Q/1H2018 RESULTS PRESENTATION