

NEWS RELEASE

NERATEL Q2 2018 NET PROFIT GROWS 118.8% TO S\$3.1 MILLION

- ***Q2 2018 gross profit grows 5.4% to S\$12.4 million on higher gross margins achieved***
- ***Secures S\$97.9 million in order in-take for 1H 2018, majority S\$69.3 million contributed by identified growth vertical – the Network Infrastructure segment***

Singapore, August 8, 2018 – Mainboard-listed Nera Telecommunications Ltd (“**NeraTel**”, 挪拉电讯, or the “**Group**”), a leading Communications and Network Solutions Provider, announced today that it has achieved a 118.8% growth in net profit to S\$3.1 million on S\$47.4 million turnover for the financial quarter ended June 30, 2018 (“**Q2 2018**”) compared to a year ago, lifted mainly by higher gross profit margins.

Mr. Beck Tong Hong (麦东宏), CEO of NeraTel, said, “We continue to execute our strategies to grow the Network Infrastructure vertical, which we see potential for growth amidst rapid digitalisation in the markets we operate in. While we continue to work closely with key customers, we are also looking into widening and diversifying our customer base beyond the service provider markets in pursuit of greater growth.”

“We continue to gain traction for the Network Infrastructure segment, with several contracts awarded by our prominent repeat customers, as well as successfully making inroads into new business areas. We’ll continue to tap on our vertically-integrated value chain to provide tailored and comprehensive end-to-end solutions to our customers, so as to drive sustainable long-term growth.”

NeraTel has replenished its order in-take to S\$97.9 million in the six-month financial period ended June 30, 2018 (“**1H 2018**”). In line with NeraTel’s intention to grow the Network Infrastructure (“**NI**”) segment, S\$69.3 million of the total order in-take was contributed by the segment, with the remaining S\$28.6 million secured by the Wireless Infrastructure Network (“**WIN**”) segment.

In July 2018, NeraTel was awarded an S\$8.5 million NI contract, providing internet service infrastructure for a leading service provider in Southeast Asia, and a separate S\$3.2 million WIN contract to supply microwave links to a government entity in the Middle East. This is in addition to two NI contracts worth a combined S\$3.2 million secured in February this year, one of which is a S\$1.0 million contract that marks NeraTel’s first win with a key telco in Malaysia.

Financial Performance

The S\$47.4 million turnover achieved in Q2 2018 was a 5.6% decline from S\$50.3 million recorded in the equivalent period a year ago (“**Q2 2017**”), due mainly to delays in project completion.

The NI segment remained NeraTel’s key turnover driver, contributing S\$30.8 million or 65.0% of the Group’s turnover for the quarter. Due to lower turnover recorded in Indonesia and Australia, partly offset by improved performance in Singapore, the NI segment’s Q2 2018 turnover was a marginal 0.3% dip from S\$30.9 million recorded in Q2 2017.

Despite the lower topline, gross profit rose 5.4% during the quarter to S\$12.4 million from S\$11.7 million in Q2 2017. Gross profit margin rose to 26.1% in Q2 2018 from 23.4% in Q2 2017.

In tandem with the higher gross profit achieved and lower tax expense due to differences in tax assessment and tax estimates made in prior years for foreign subsidiaries, Q2 2018 net profit rose 118.8% to S\$3.1 million compared to S\$1.4 million in Q2 2017.

In 1H 2018, turnover declined 5.7% to S\$89.0 million compared to S\$94.4 million in the corresponding six-month period a year ago (“**1H 2017**”), while net profit grew 13.3% to S\$4.9 million from S\$4.3 million across the same comparative periods.

Basic and fully diluted earnings per share was 1.34 Singapore cents in 1H 2018, compared to 1.18 Singapore cents in 1H 2017. Net asset value per share as at June 30, 2018 decreased to 18.81 Singapore cents compared to 19.29 Singapore cents as at December 31, 2017.

NeraTel’s balance sheet remained strong with cash and bank balances of S\$19.6 million as at June 30, 2018 and net cash of S\$11.9 million. Shareholders’ equity stood at S\$68.1 million at the end of the reporting period.

Outlook and Growth Strategies

The Group continues its efforts to strengthen its offerings in the network security and data centre/cloud verticals to drive growth for its key focus areas in the NI segment. Tapping on its vertically-integrated model and comprehensive suite of wireless solutions, NeraTel will also continue to capitalise on the proliferation of data and increasing need for telecommunication operators to upgrade their network to support the digitalisation wave to grow the WIN segment.

Cognisant of the importance of recurring income, NeraTel is also encouraging existing customers to take on service and maintenance contracts, which offer higher margins and steady recurring income streams.

NeraTel has also identified the financial sector as a key growth area where it plans to expand its reach, so as to widen and diversify its customer base further beyond the Service Provider market where it already has a strong foothold in.

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.

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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