

NEWS RELEASE

NERATEL REPORTS 9M 2019 NET PROFIT OF S\$3.7 MILLION ON S\$96.7 MILLION REVENUE

- ***S\$113.8 million order in-take as at 9M 2019 to be progressively recognised***
- ***Continues to strengthen capabilities to pursue adjacent growth verticals***
- ***Maintains a strong focus on ASEAN markets where it has an established track record***

Singapore, 8 November 2019 – Mainboard-listed Nera Telecommunications Ltd (“**NeraTel**”, 挪拉电讯, or the “**Group**”), a leading Communications and Network Solutions Provider, reported revenue of S\$96.7 million and net profit of S\$3.7 million for the nine-month financial period ended 30 September 2019 (“**9M 2019**”).

Mr. Beck Tong Hong (麦东宏), CEO of NeraTel, said, “To stay resilient amidst industry-wide challenges, we will remain focused on our key strategy to build a balanced and diversified customer base. We will also continue to strengthen our capabilities to pursue identified new verticals including cybersecurity, automation and data analytics, which will allow us to increase our product and service offerings to reach out to a wider range of customers. Bolstering of our recurring income streams will also be a key priority, which we seek to achieve through Service & Maintenance contracts from existing and new customers. Geographically, we will keep a stronger focus on the ASEAN region where we have an established track record.”

Financial Performance

NeraTel’s 9M 2019 revenue decreased 20.2% to S\$96.7 million from S\$121.1 million in the corresponding period a year ago (“**9M 2018**”) due to weaker contributions from both the Network Infrastructure (“**NI**”) and Wireless Infrastructure Network (“**WIN**”) segments. A slowdown in the capital expenditure spending from the Group’s largest service provider customer segment contributed to the lower topline.

In tandem with the lower revenue, gross profit for the period slid 20.6% to S\$24.0 million from S\$30.2 million recorded in 9M 2018. Notwithstanding the lower gross profit, gross profit margin held steady at 24.8% in 9M 2019 as compared to 24.9% in 9M 2018.

NeraTel's balance sheet remained strong with cash and bank balances of S\$12.7 million as at 30 September 2019 and maintained its net cash position. Shareholders' equity stood at S\$63.4 million at the end of the reporting period.

The Group reported a 17.4% decrease in revenue for the three-month period ended 30 September 2019 ("**Q3 2019**") to S\$26.5 million from S\$32.1 million a year ago ("**Q3 2018**") due mainly to lower order in-take from the service provider customer segment. Net profit across the same comparative periods declined 29.1% to S\$1.05 million from S\$1.48 million.

Staying Focused on Key Competencies

Industry-wide challenges resulted in a slowdown of total order in-take, which decreased 20.5% to S\$113.8 million in 9M 2019. The NI segment continues to be the main contributor at 75.2% of total order in-take or S\$85.6 million. The remaining 24.8% or S\$28.2 million was contributed by the WIN segment.

The lower order in-take reflects the headwinds faced in the service provider customer segment, as the Group's customers continue to operate in a highly competitive market. In line with its intention to diversify its customer base and broaden its revenue streams, NeraTel has seen an increase in the proportion of contracts contributed by the government, transport and utilities ("**GTU**") customer segment to 32.3% in 9M 2019 compared to only 15.5% in 9M 2018.

To bolster its recurring income streams, the Group aims to increase revenue contribution from Service & Maintenance contracts. As part of NeraTel's growth strategy, the Group will focus on strengthening its capabilities to increase the sales of its comprehensive range of security offerings and enhancing its range of differentiated and tailored solutions to reach out to a wider pool of customers.

Concurrently, NeraTel continues to set its sights on the Group's long-term sustainable growth to sharpen its competitive niche and enhance shareholder value, while maintaining a strong focus on core markets in the ASEAN region where the Group has an established track record.

About Nera Telecommunications Ltd

Established in October 1978 and listed on the SGX Mainboard since 1 July 1999, Nera Telecommunications Ltd ("**NeraTel**") is a leading Communications and Network Solutions Provider. With over four decades of established track record, the Singapore-headquartered NeraTel has a diversified geographical presence in over 16 countries in the Asia-Pacific, Europe, Middle East and Africa regions.

Supported by one of the largest team of certified engineers in Asia, NeraTel provides a full suite of turnkey network and wireless solutions – ranging from network security solutions, cloud network infrastructure to wireless network services – delivering cutting-edge services for the digital world. NeraTel serves a wide range of industries including telecommunications, enterprises, government organisations, transportation and utilities, amongst many others.

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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