



**NERA TELECOMMUNICATIONS LTD**

**FY2017 Results Presentation  
February 27, 2018**

- Financial Highlights (Continuing Operations)
- Recent Developments
- Outlook & Strategies
- Q&A



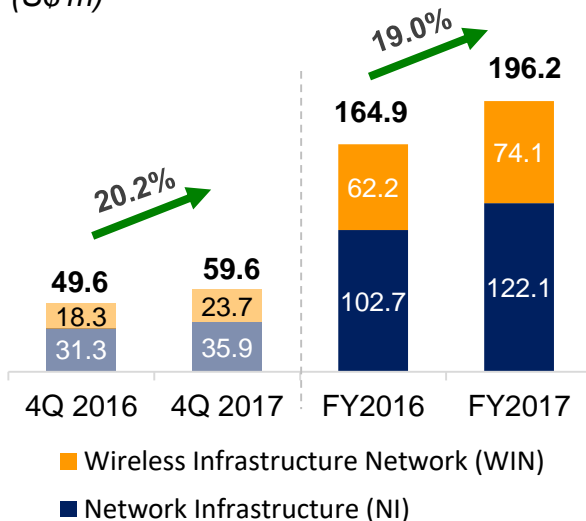
# FINANCIAL HIGHLIGHTS

# KEY FINANCIAL HIGHLIGHTS

## Continuing Operations

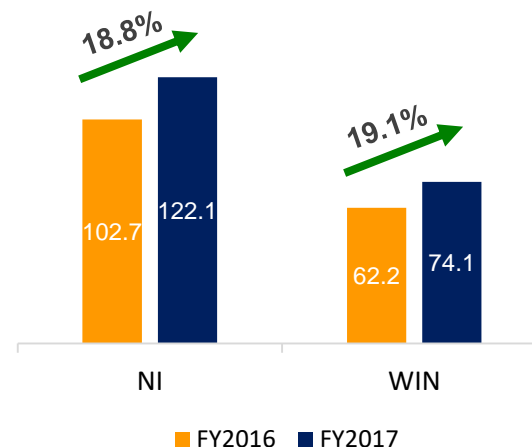
### Turnover

(S\$m)



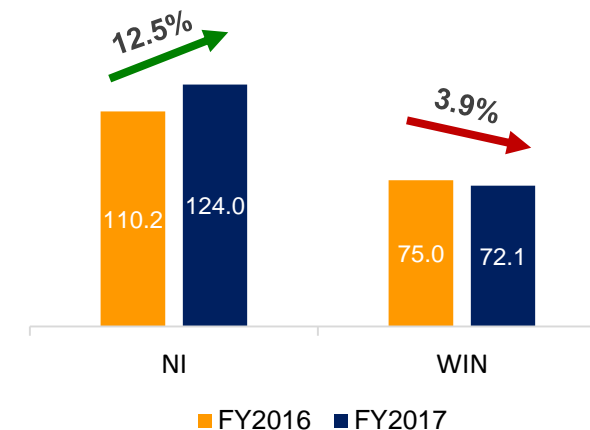
### Segmental Turnover

(S\$m)



### Order In-Take

(S\$m)



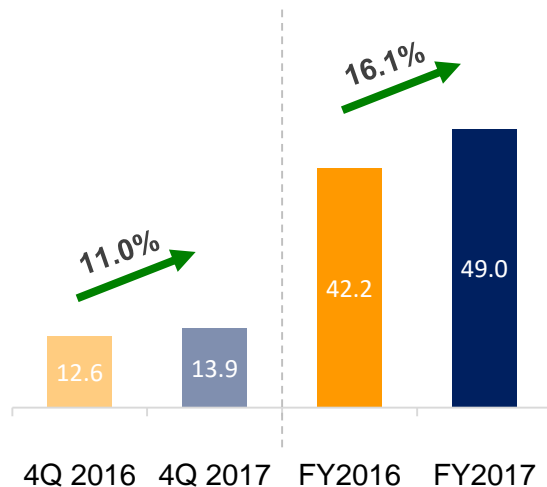
- FY2017 turnover rose 19.0% due to stronger performance in both segments
  - NI: Higher turnover booked from Service Provider markets in Singapore, Philippines and Australia
  - WIN: Stronger contributions from Middle East and Africa markets
- Total FY2017 order in-take rose 5.9% to S\$196.1 million, compared to S\$185.2 million in FY2016

# KEY FINANCIAL HIGHLIGHTS

Continuing Operations

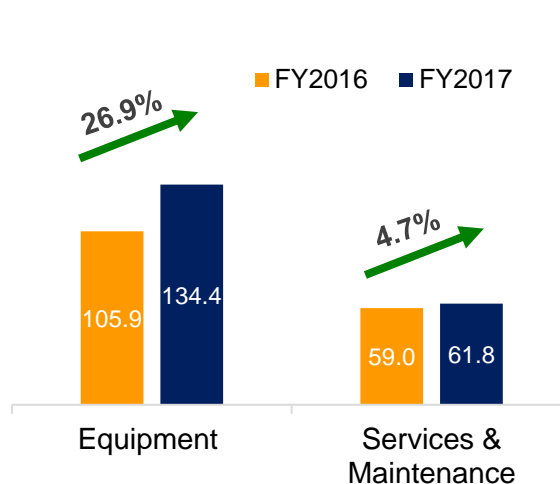
## Gross Profit

(S\$m)



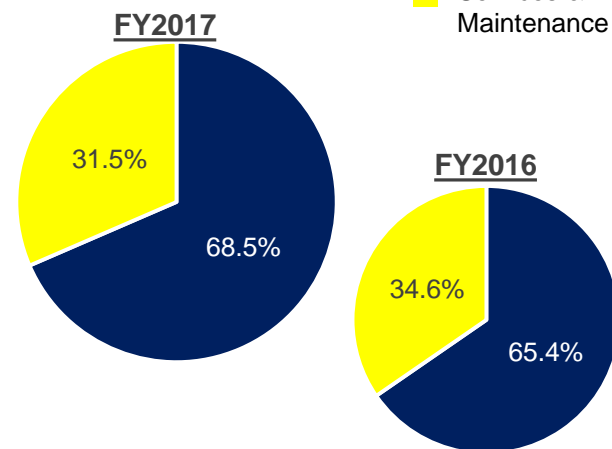
## Turnover (By Nature)

(S\$m)



## Breakdown (By Nature)

■ Equipment  
■ Services & Maintenance

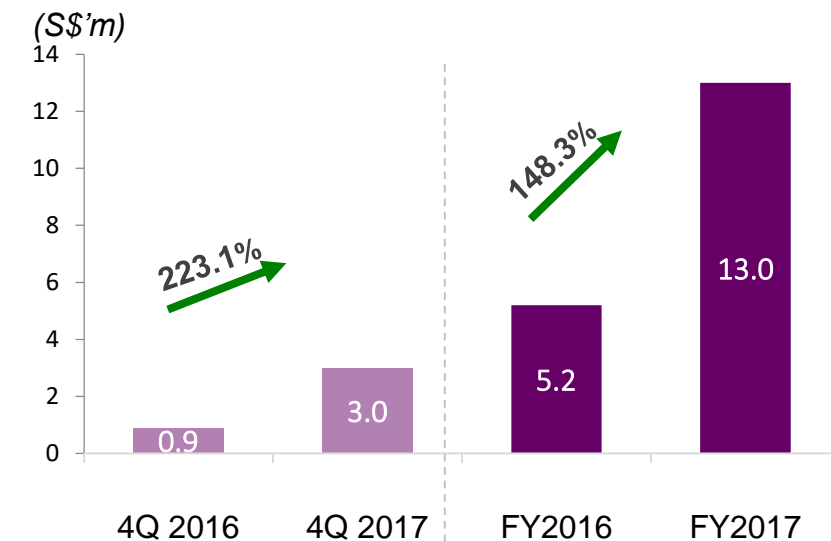


- FY2017 gross profit rose 16.1% to S\$49.0 million compared to S\$42.2 million in FY2016
  - In line with higher turnover
  - GPM lowered to 25.0% in FY2017 compared to 25.6% in FY2016 due to lower gross profit margin from equipment turnover

# KEY FINANCIAL HIGHLIGHTS

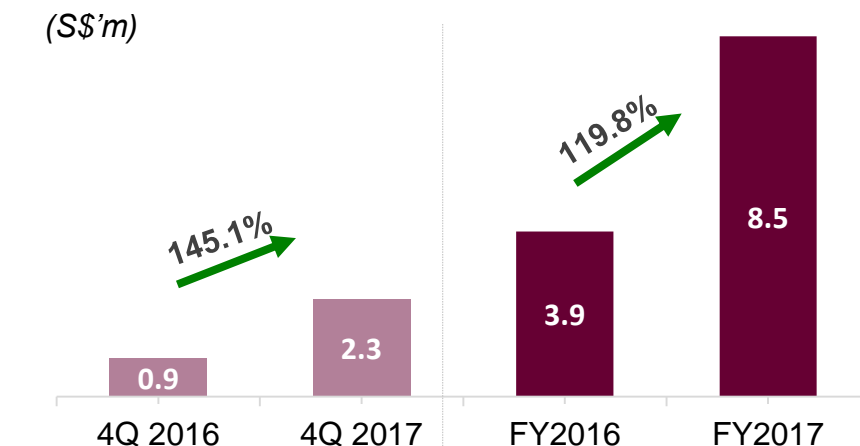
## Continuing Operations

### Profit Before Tax



- 148.3% growth for FY2017 profit before tax (“PBT”)
  - Higher gross profit
  - Lower operating expenses
  - PBT margin rose to 6.6% in FY2017 compared to 3.2% in FY2016

### Net Profit



- 119.8% growth for FY2017 profit after tax
  - FY2017 NPM rose to 4.4% from 2.4% in FY2016

# KEY FINANCIAL HIGHLIGHTS

## Continuing Operations

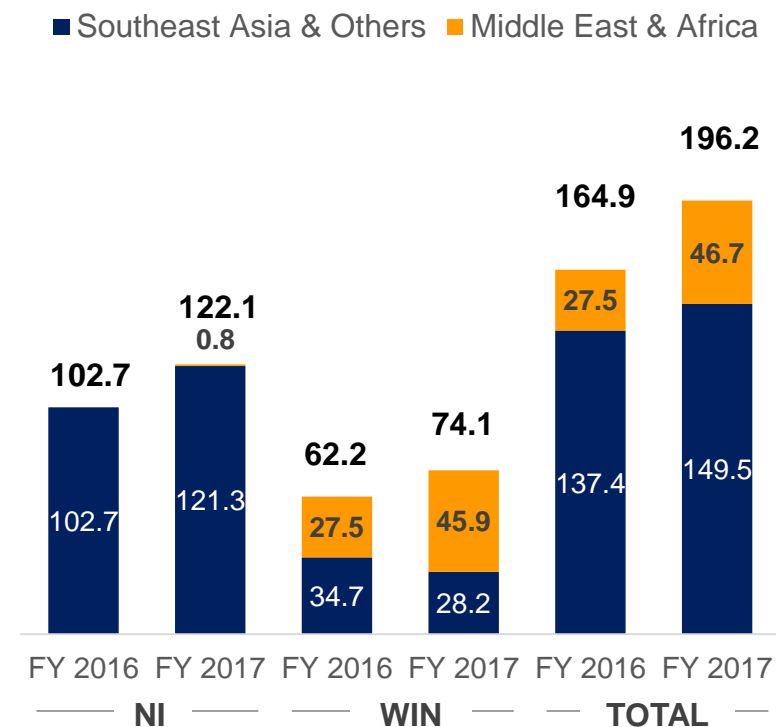
S\$'m	4Q 2017	4Q 2016	Change (%)	FY2017	FY2016	Change (%)
Turnover	59.6	49.6	20.2	196.2	164.9	19.0
Gross Profit	13.9	12.6	11.0	49.0	42.2	16.1
Gross Profit Margin (%)	23.4	25.3	(1.9) <i>pt</i>	25.0	25.6	(0.6) <i>pt</i>
Total Operating Expenses	11.1	12.2	9.6	36.7	38.0	3.5
Net Profit After Tax	2.3	0.9	145.1	8.5	3.9	119.8
Net Profit Margin (%)	3.8	1.9	1.9 <i>pt</i>	4.4	2.4	2.0 <i>pt</i>
Basic and Fully Diluted EPS (SGD Cents)	0.63	0.26	142.3	2.36	1.07	120.6
NAV/Share (SGD Cents)	December 31, 2017			December 31, 2016		
	19.29			18.31		

# KEY FINANCIAL HIGHLIGHTS

## Continuing Operations

S\$m	December 31, 2017	December 31, 2016
Current Assets	151.7	137.6
Current Liabilities	87.1	69.8
Net Current Assets	64.6	67.8
Total Assets	157.3	143.2
Total Liabilities	87.5	76.9
Total Borrowings	11.3	9.6
Cash and Bank Balances	20.7	22.8
Net Cash	9.4	13.2

### Turnover by Geography (S\$m)



- In FY 2017, WIN segment turnover increased by 19.1% Y-o-Y
  - Middle East and Africa region increased by 66.9% Y-o-Y
  - SEA and others region decreased by 18.7% Y-o-Y
- Overall, total turnover from SEA and others region, as well as the Middle East and Africa region increased by 8.8% and 69.8%, respectively

# RECENT DEVELOPMENTS

### NI



**Order In-Take: S\$124m**



**Feb'18:** S\$2.2m IP network equipment contract for major Telco in Singapore – repeat Grade A customer



**Feb'18:** S\$1.0m first contract awarded by key Malaysian Telco for design, supply, delivery, installation, maintenance and management of internet service



**Aug'17:** S\$7.0m information system communication network equipment contract from Government entity in the Philippines



**April'17:** S\$7.15m security application equipment contract from leading Telco in the Philippines



**April'17:** S\$19.9m IP Network Equipment contract from Singapore's leading Service Providers

### WIN



**Order In-Take: S\$72.1m**



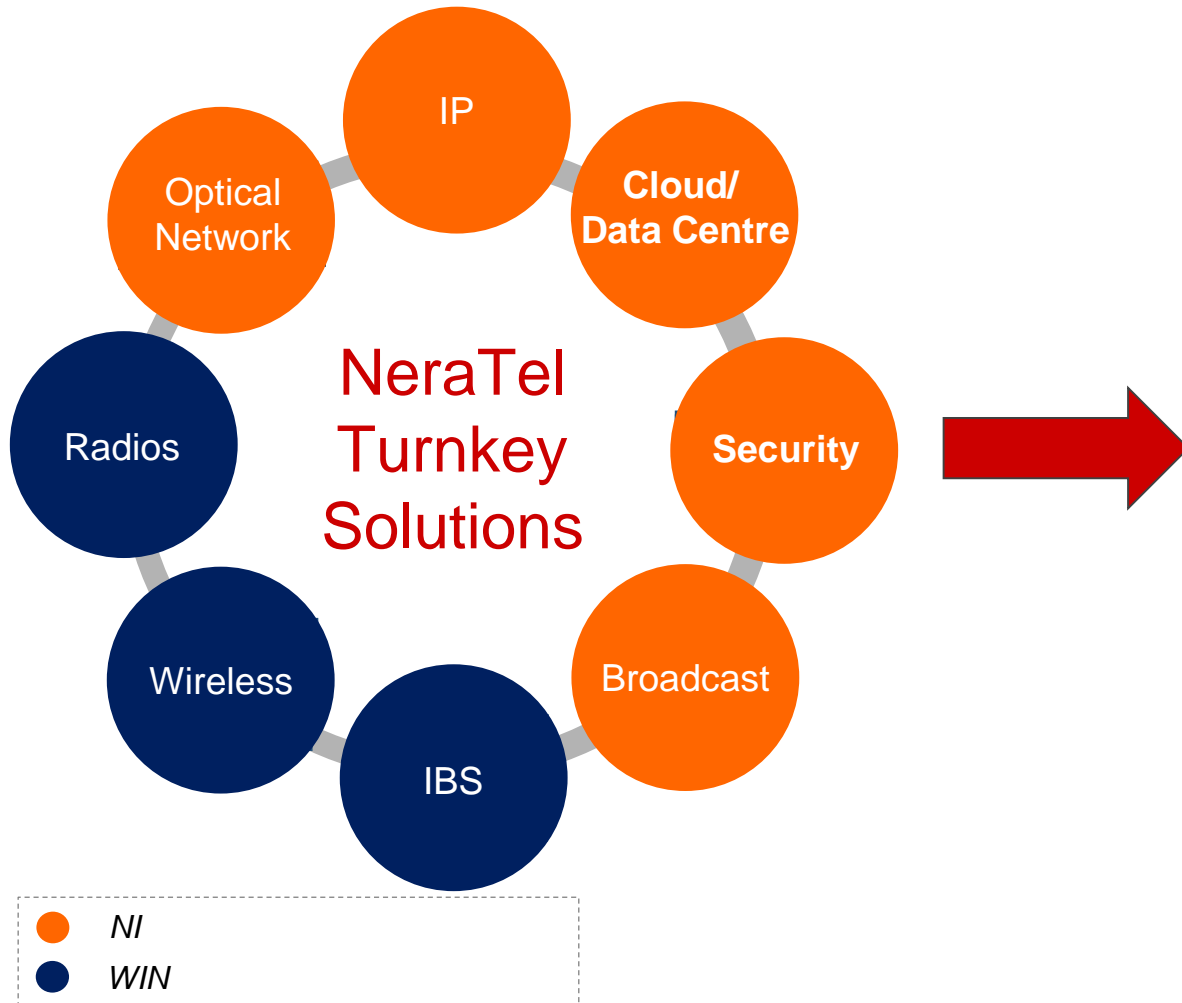
**Aug'17:** S\$7.9m Transmission Equipment contract from North African operators for 4G rollout

- Repeat 'Grade A' customers
- Testament of NeraTel's value proposition and capabilities to provide turnkey solutions
- Total order in-take lifted to S\$196.1 million

*All order book figures are as at FY2017*

# OUTLOOK & STRATEGIES

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



## 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



## Mobile Data Traffic

**8<sub>x</sub>**

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

## DIGITAL TRANSFORMATION

- Government grants to help firms develop digital capabilities (e.g. SMEs Go Digital Programme)
- 60% of Singapore's GDP to be derived from digital products or services by 2021
- By 2021, digital transformation is expected to add US\$10 billion to Singapore's GDP and increase GDP growth by 0.6% CAGR annually
- Accelerating pace of digital transformation, IDC expects 60% of Asia-Pacific GDP to be digitalised by 2021
- 98% of organisations in Singapore already in the midst of digital transformation (outlined digital transformation strategies)
- Increased awareness amongst business leaders on cybersecurity and interest in investing in internet of things and big data

## OTHER FAVOURABLE DEVELOPMENTS



Government-led initiative to harness infocomm technologies, networks and big data to create tech-enabled solutions

## TPG

4<sup>th</sup> Telco rollout by end-2018



Increasing emphasis and preparation to advance 5G mobile technology

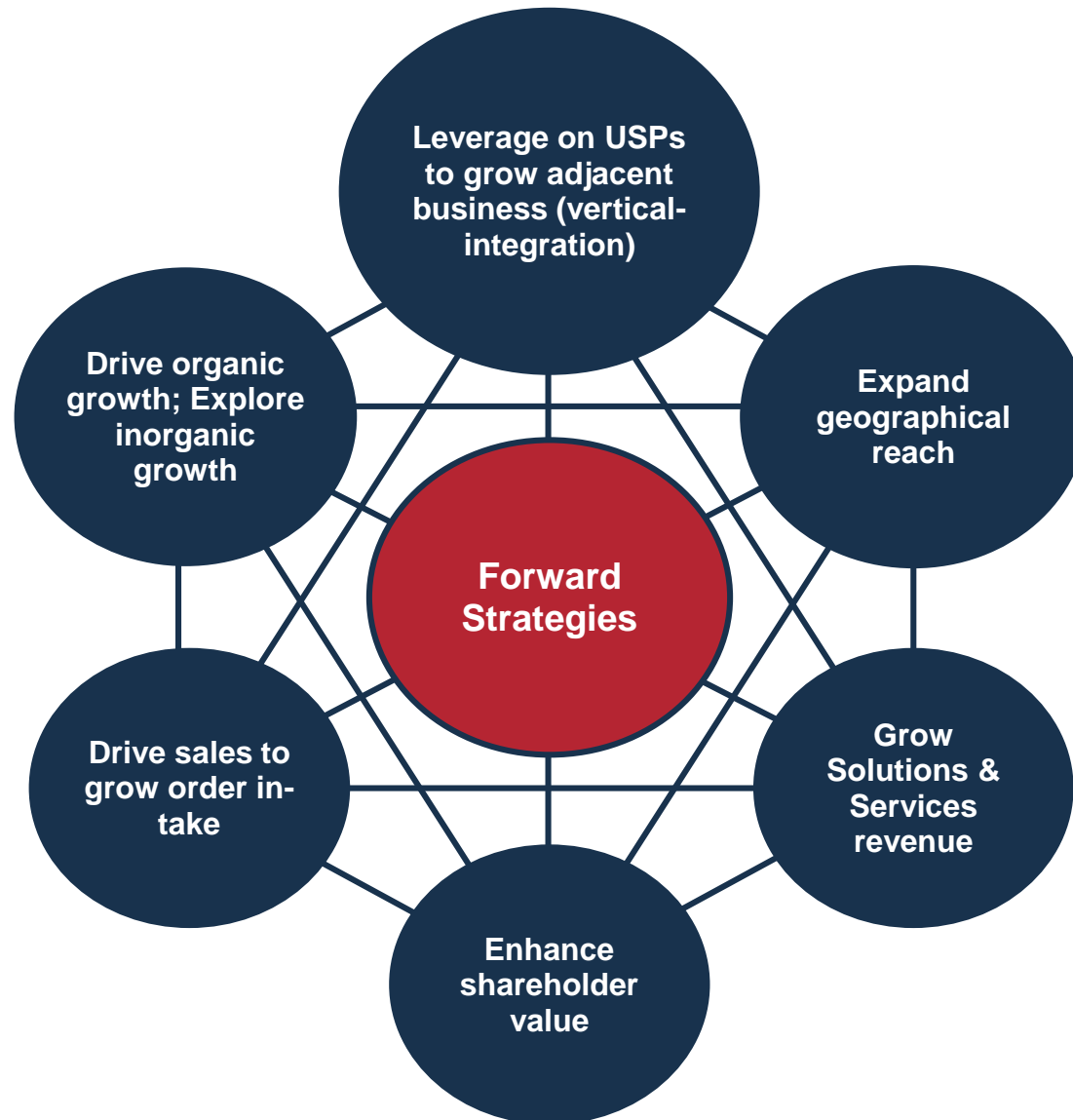
- Reap synergies from complementary businesses to offer turnkey solutions to clients
- Grow recurring Service & Maintenance revenue stream for sustainable long-term growth

## 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



**NERA**

**NERA TELECOMMUNICATIONS LTD**

**THANK YOU**