



# 1Q2018 RESULTS PRESENTATION

May 10, 2018



# AGENDA

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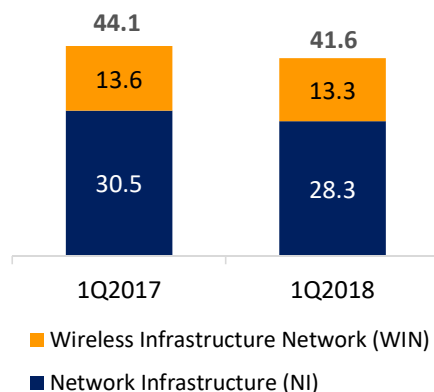
- Financial Highlights
- Recent Developments
- Outlook & Strategies
- Q&A

Nera Telecommunications Ltd  
**1Q2018 Results Presentation**

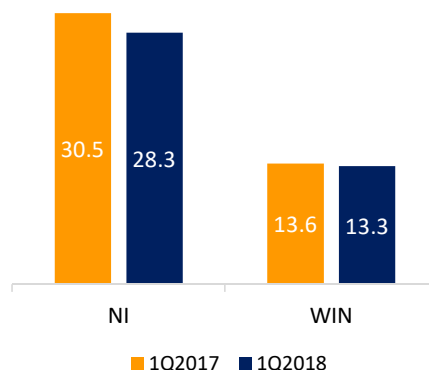
# FINANCIAL HIGHLIGHTS

# KEY FINANCIAL HIGHLIGHTS

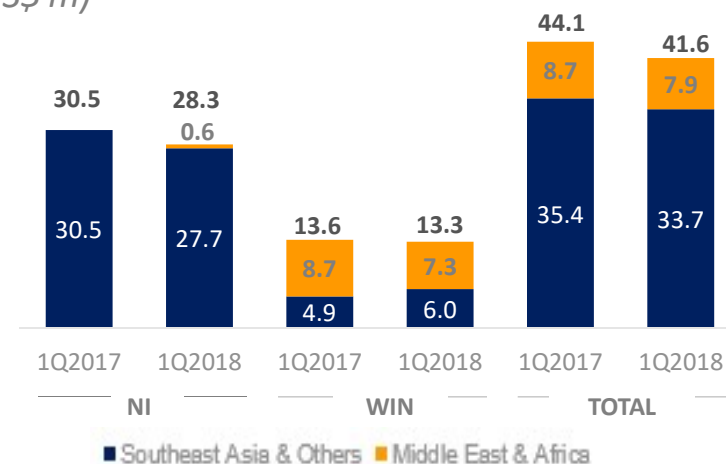
**Turnover**  
(S\$'m)



**Segmental Turnover**  
(S\$'m)



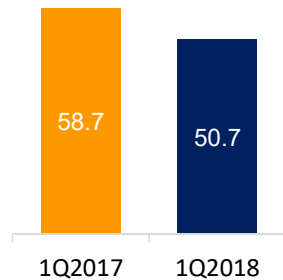
**Turnover by Geography**  
(S\$'m)



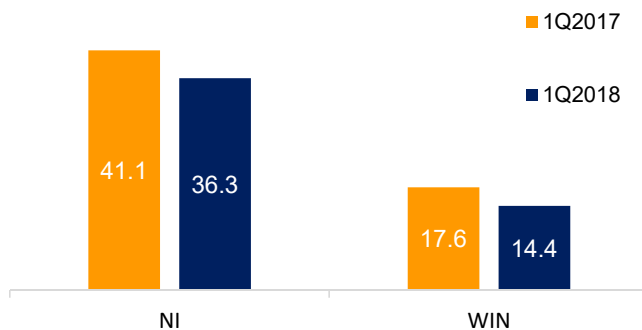
- Lower turnover due to a decrease in contributions from both the NI and WIN segments, due mainly to delay in project completion
- NI: Lower turnover booked from the service provider markets in Singapore and Philippines, partially offset by higher turnover in Myanmar, Australia and Pakistan
- WIN: Lower turnover in the Middle East and Africa markets

# ORDER IN-TAKE

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



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



## Recent Contracts



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



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

# KEY FINANCIAL HIGHLIGHTS

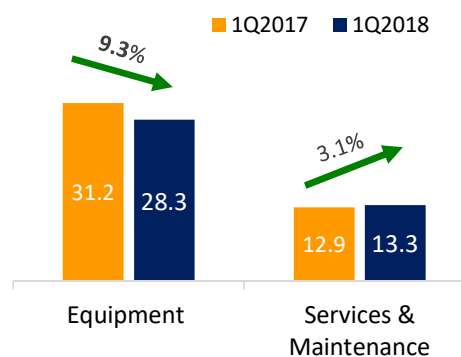
## Gross Profit

(\$'m)

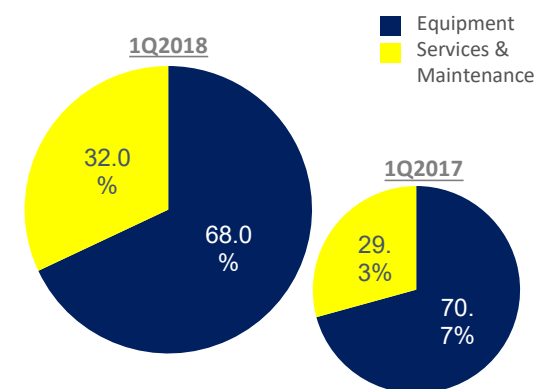


## Turnover (By Nature)

(\$'m)



## Breakdown (By Nature)

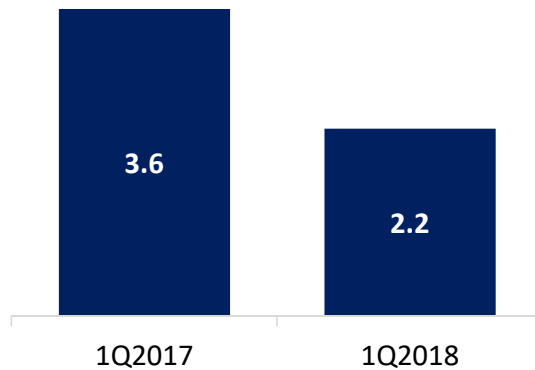


- Gross profit declined in tandem with lower turnover
- Gross profit margin decreased marginally from 25.7% in 1Q2017 to 25.5% in 1Q2018

# KEY FINANCIAL HIGHLIGHTS

## Profit Before Tax

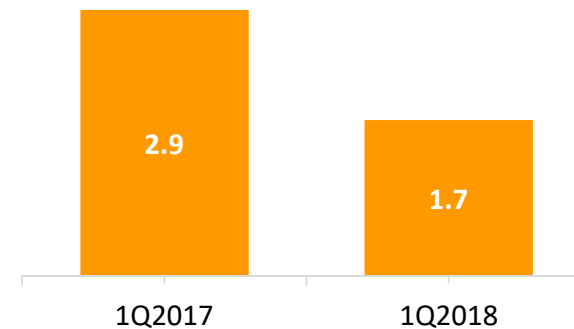
(\$'m)



- Lower profit before tax (“PBT”) due to lower gross profit and higher other operating expenses resulted from higher unrealised exchange loss
- Excluding the foreign exchange loss, PBT for 1Q2018 and 1Q2017 were at \$3.5 million and \$4.3 million respectively

## Net Profit

(\$'m)



- Net profit margin decreased to 4.2% from 6.5% over the comparative periods

# KEY FINANCIAL HIGHLIGHTS



S\$'m	1Q2018	1Q2017	Change (%)
Turnover	41.6	44.1	(5.7)
Gross Profit	10.6	11.3	(6.2)
Gross Profit Margin (%)	25.5	25.7	(0.2) <i>pt</i>
Total Operating Expenses	8.5	8.1	4.9
Net Profit After Tax	1.7	2.9	(39.2)
Net Profit Margin (%)	4.2	6.5	(2.3) <i>pt</i>
Basic and Fully Diluted EPS (SGD Cents)	0.48	0.79	(39.2)
NAV/Share (SGD Cents)	March 31, 2018	December 31, 2017	
	19.94	19.29	





## KEY FINANCIAL HIGHLIGHTS



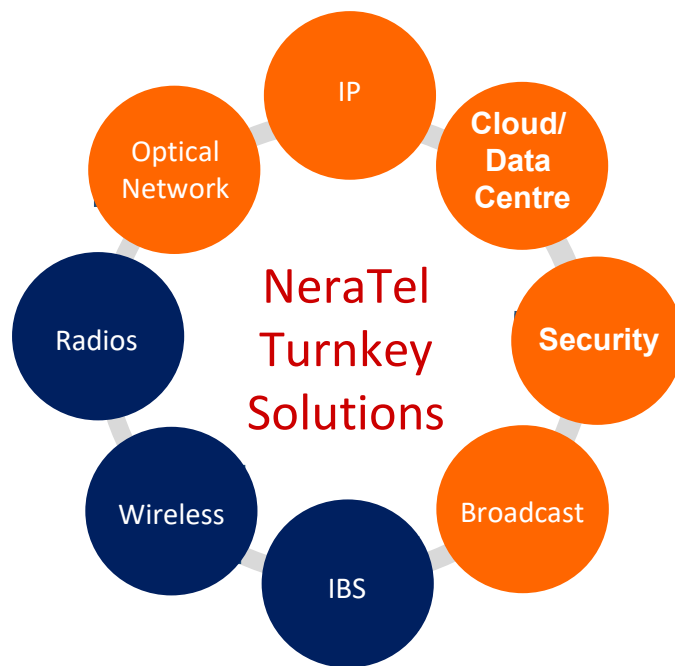
S\$'m	March 31, 2018	December 31, 2017
Current Assets	155.0	151.7
Current Liabilities	88.0	87.0
Net Current Assets	67.1	64.6
Total Assets	160.5	157.3
Total Liabilities	88.4	87.5
Total Borrowings	10.2	11.3
Cash and Bank Balances	29.4	20.7
Net Cash	19.2	9.4

Nera Telecommunications Ltd  
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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<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

### 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

**NERA**

# OUTLOOK – SINGAPORE

## 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



# 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

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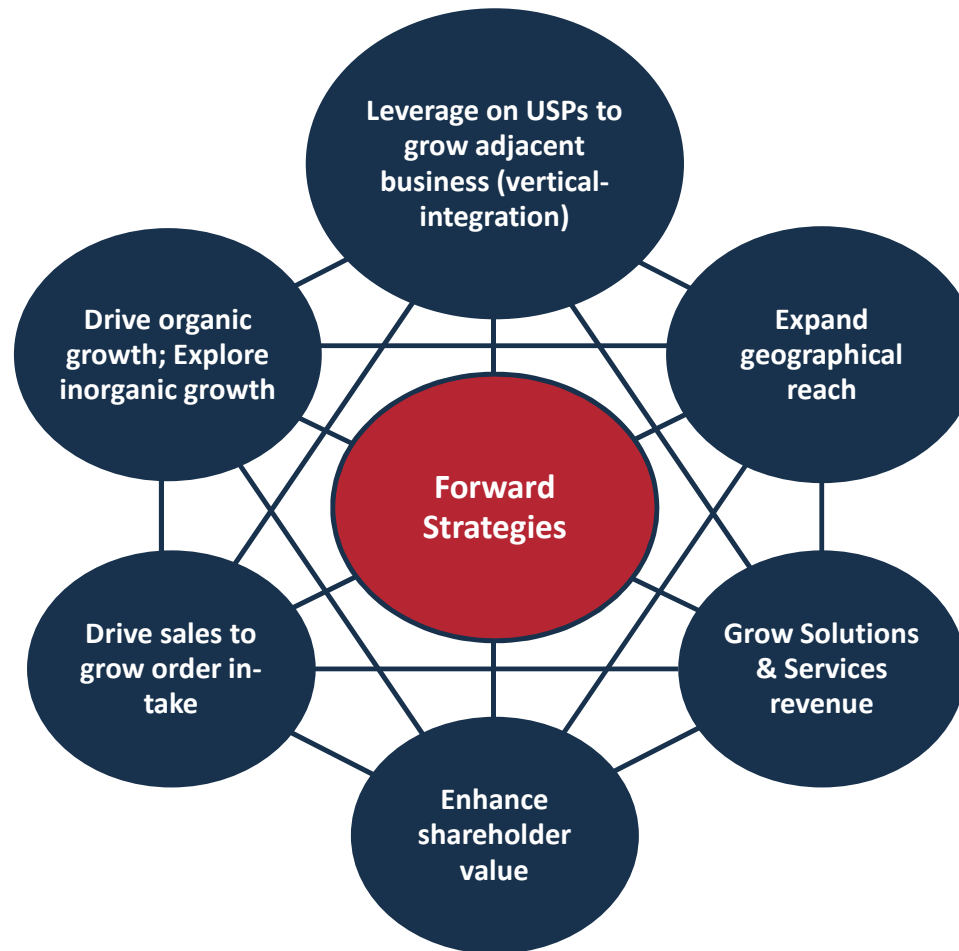
- Network Security
- Data Centre/Cloud

## WIRELESS INFRASTRUCTURE NETWORK

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- 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

# KEY STRATEGIC INITIATIVES





# THANK YOU

The NERA logo is rendered in a bold, red, sans-serif font. It is positioned in the center of the slide, overlaid on a circular graphic element. The background of the slide features a blurred image of server racks in a data center, with a circular graphic overlay on the left side containing a stylized cityscape and network lines.

**NERA**

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