



# 2Q/1H2018 RESULTS PRESENTATION

Aug 08, 2018



# AGENDA

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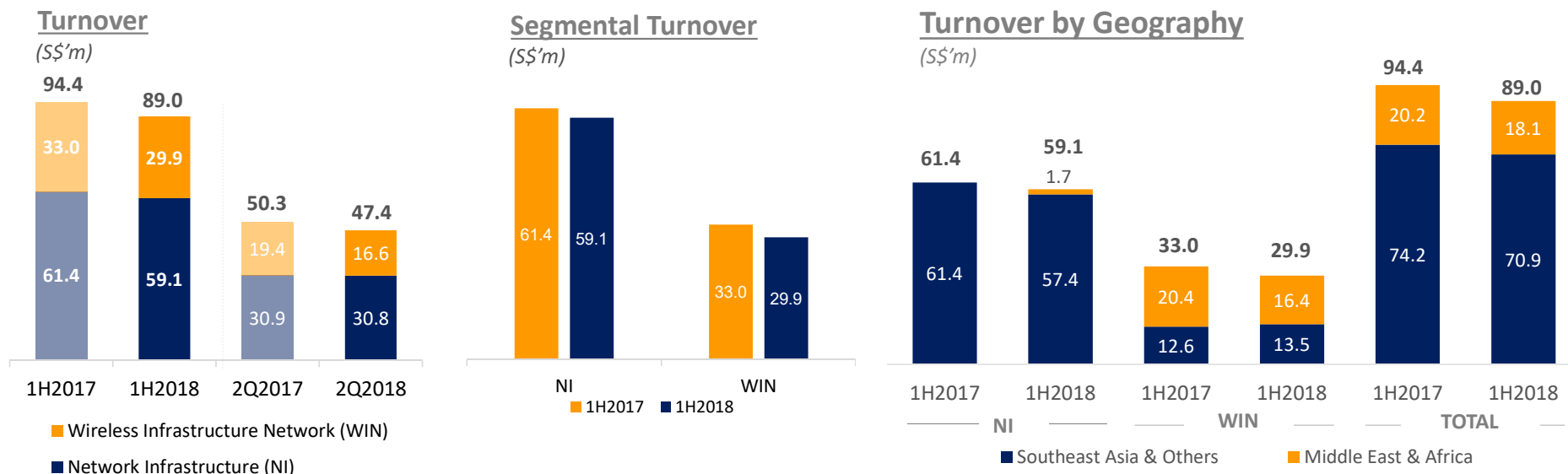
- Financial Highlights
- Recent Developments
- Outlook & Strategies
- Q&A

# Nera Telecommunications Ltd

## 2Q/1H2018 Results Presentation

## FINANCIAL HIGHLIGHTS

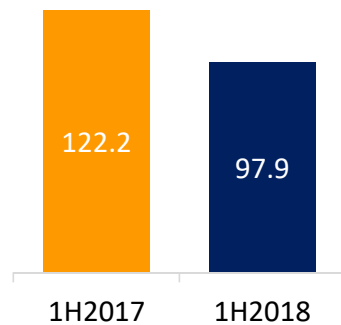
# KEY FINANCIAL HIGHLIGHTS



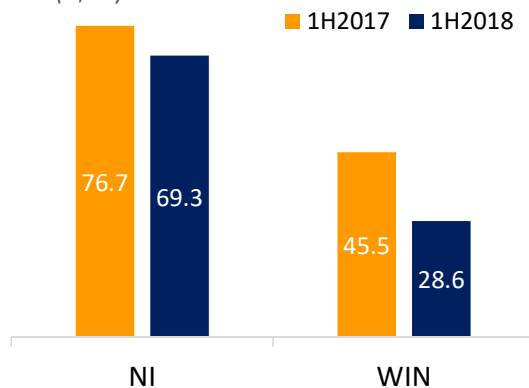
- Lower turnover due to a decrease in contributions from both the NI and WIN segments, resulting from a delay in project completion
- NI: Lower turnover from the Service Provider markets in the Philippines and Indonesia, partially offset by higher turnover from the Service Provider market in Singapore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



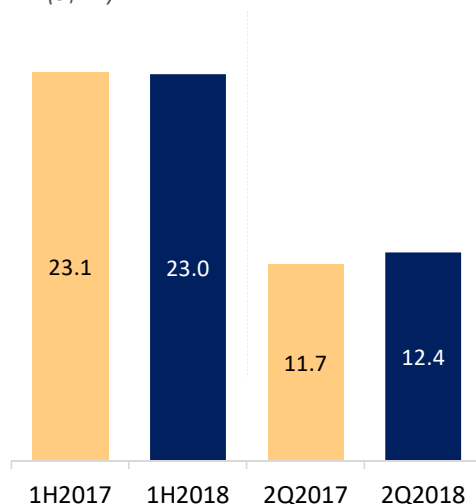
## Recent Contracts

- ➔ **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

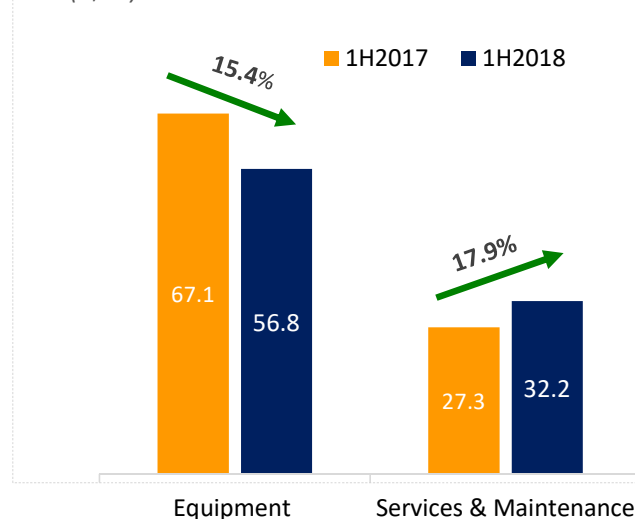
## Gross Profit

(S\$m)

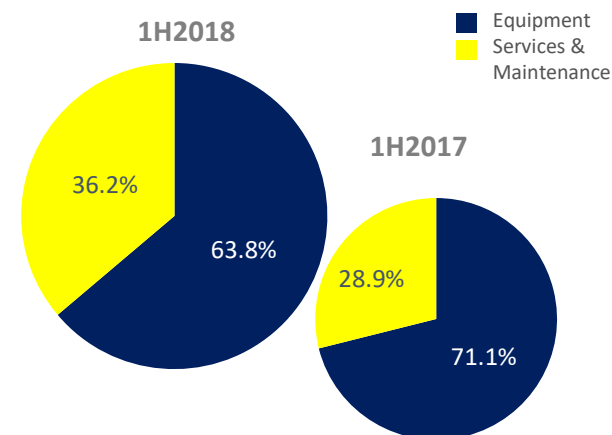


## Turnover (By Nature)

(S\$m)



## Breakdown (By Nature)

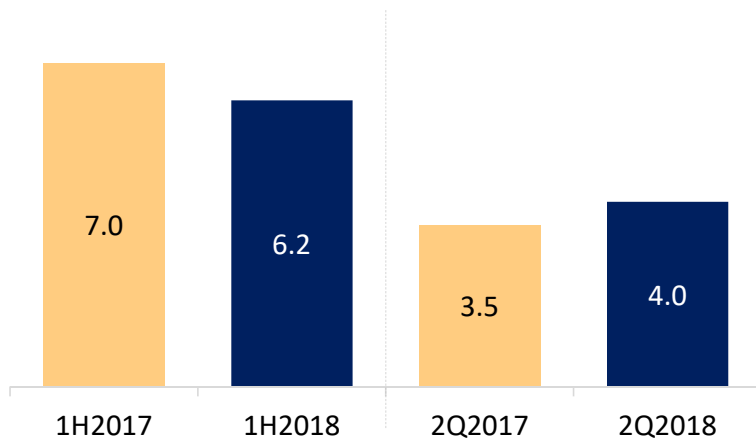


- Despite lower turnover, gross profit rose 5.4% in 2Q2018 to S\$12.4 million from S\$11.7 million in 2Q2017
- 2Q2018 gross margins increased 2.7 percentage points to 26.1% from 23.4% in 2Q2017 while 1H2018 gross margin rose 1.4 percentage points to 25.8% from 24.4% in 1H2017

# KEY FINANCIAL HIGHLIGHTS

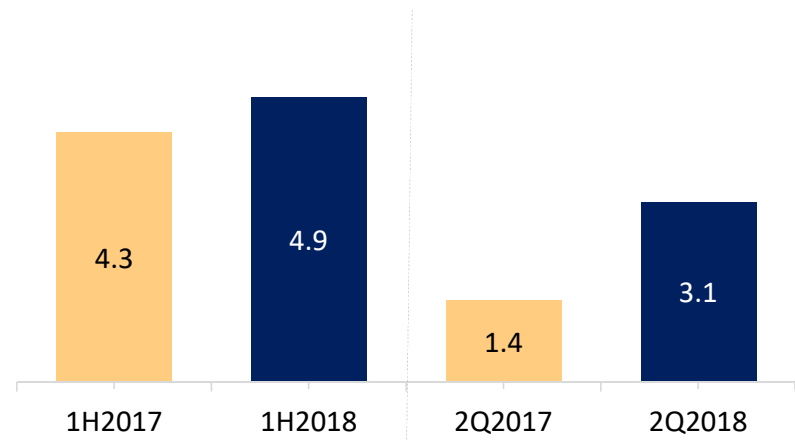
## Profit Before Tax

(\$'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<br>(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               |

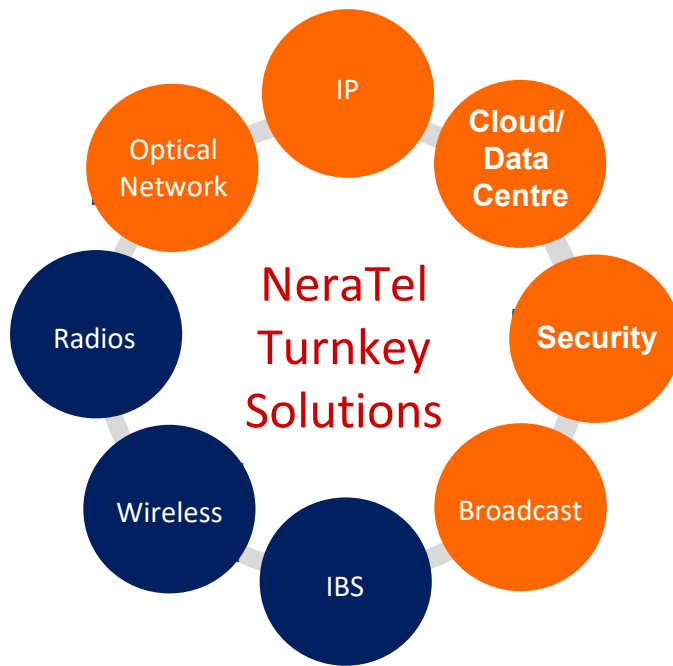
# Nera Telecommunications Ltd

## 2Q/1H2018 Results Presentation

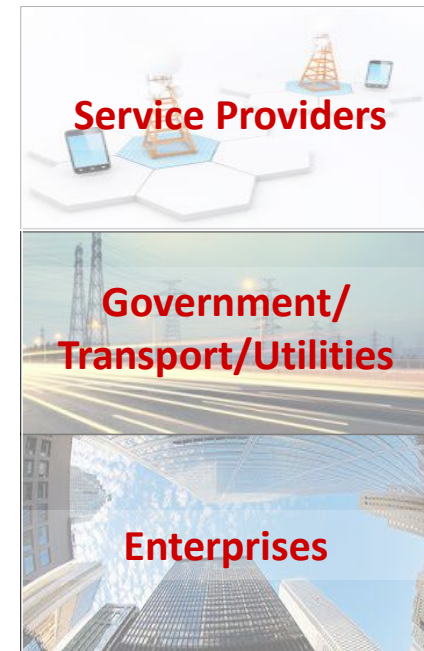
## OUTLOOK & STRATEGIES

# 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



# 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

# 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 geometric design, resembling a stylized globe or a network diagram. The background of the slide is a blurred photograph of server racks in a data center.

**NERA**

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