



1H 2021 RESULTS PRESENTATION

13 AUGUST 2021



FINANCIAL HIGHLIGHTS

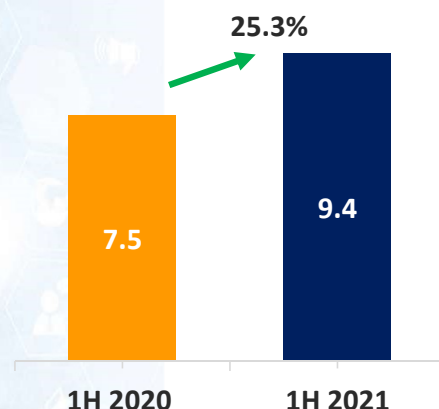
KEY FINANCIAL HIGHLIGHTS

\$'m	1H 2021	1H 2020	Change (%)
Revenue	43.31	66.44	(34.8)
Gross Profit	9.20	14.22	(35.3)
Gross Profit Margin (%)	21.2	21.4	(0.2) pt
Total Operating Expenses	11.27	12.07	(6.6)
Net Loss/Profit After Tax	(2.17)	3.43	nm
Net Profit Margin (%)	-	5.2	nm
Basic and Fully Diluted EPS (SGD cents)	(0.60)	0.95	nm

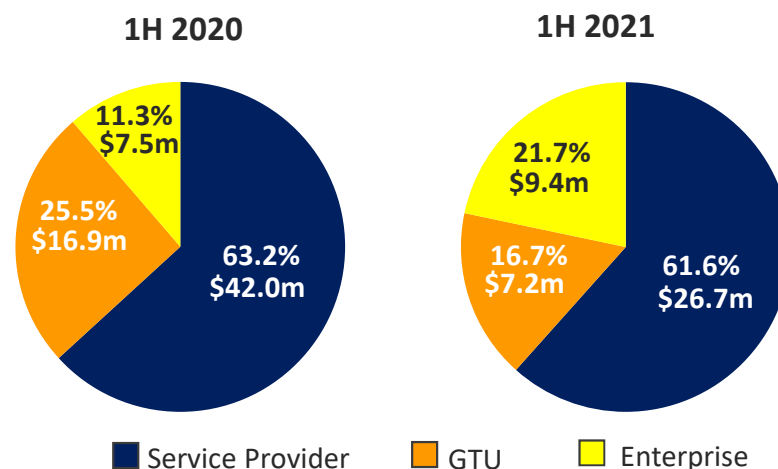
- 1H 2021 revenue fell 34.8% to \$43.3 million as a result of:
 - Movement restrictions implemented amidst the prolonged global pandemic
 - Customers turned cautious, resulting in capital expenditure reductions
 - The Group's adoption of a more prudent approach in selection of projects since 2020 to minimise risks
 - Delivery delays from vendors due to global semiconductors shortage
- The Group's gross profit margin in 1H 2021 decreased marginally by 0.2 percentage point to 21.2%, notwithstanding a 35.3% fall in gross profit to \$9.2 million
- Net loss of \$2.17 million, mainly due to lower revenue, gross profit and lower other income

KEY FINANCIAL HIGHLIGHTS – REVENUE

Enterprise Revenue
(S\$m)



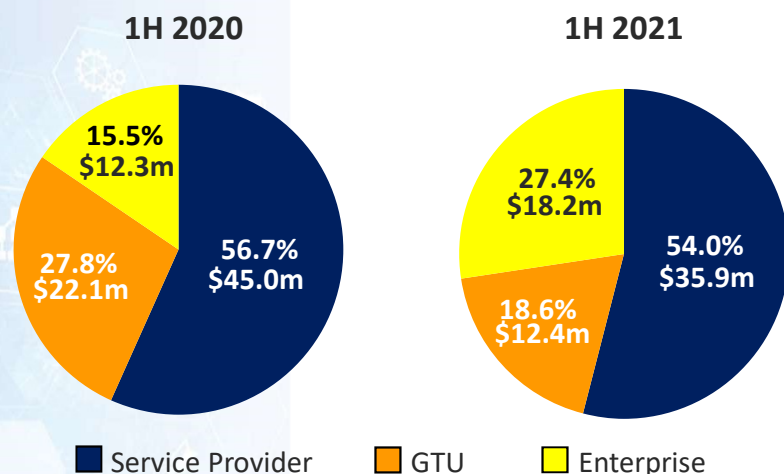
Revenue Breakdown (By Nature)



- Customer diversification continues to yield results
- Enterprise segment saw a 25.3% growth in revenue to \$9.4 million for 1H 2021, from \$7.5 million in 1H 2020, reaffirming NeraTel's efforts in growing the banking sector
 - Customers increased expenditure on cybersecurity as workers continue to work-from-home amid the pandemic

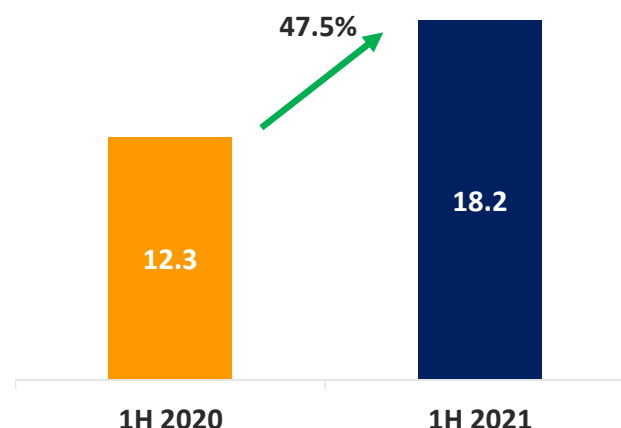
KEY FINANCIAL HIGHLIGHTS – ORDER INTAKE

Total Order Intake By Customer Segment



- To leverage on opportunities from Enterprise segment resulting from the shift towards working-from-home amid the COVID-19 pandemic

Order Intake by Enterprise segment (\$'m)



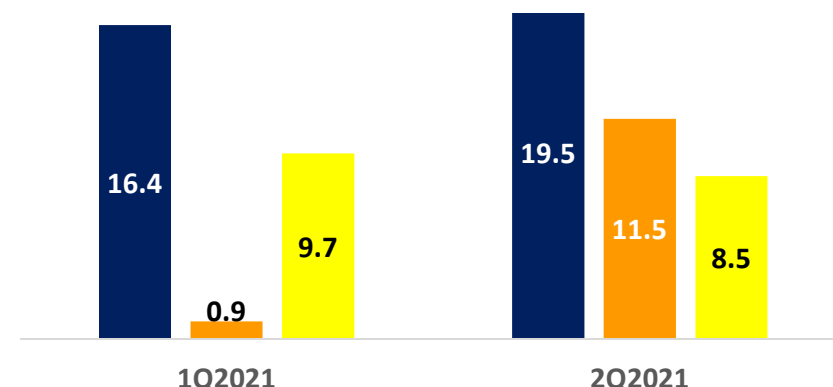
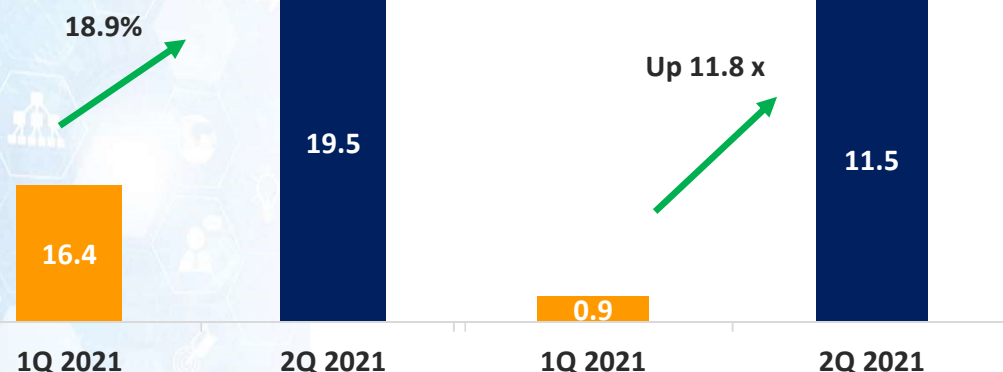
- Enterprise segment 1H 2021 order intake rose 47.5% to \$18.2 million, mainly from an increase in corporate investments from financial institutions in IT infrastructure to facilitate employees working-from-home amidst the pandemic

KEY FINANCIAL HIGHLIGHTS – ORDER INTAKE

Services Provider
(\$'m)

GTU
(\$'m)

Order Intake (By Nature)
(\$'m)



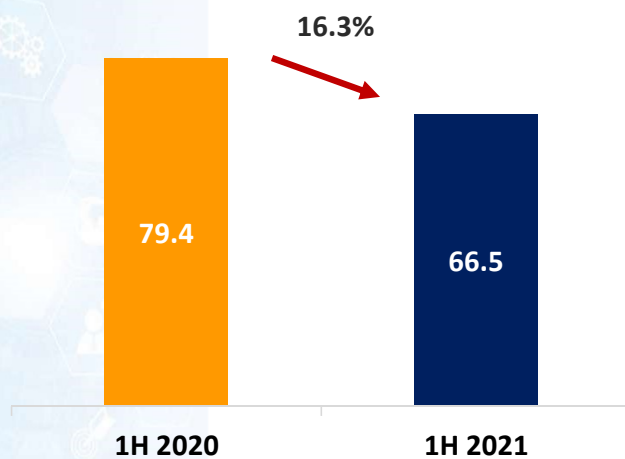
■ Service Provider ■ GTU ■ Enterprise

- NeraTel's SP and GTU segments gained significant traction sequentially, recording a 18.9% and 11.8 x jump in order intake respectively
- With 5G rollout on track in the longer term, Services Provider market expected to pick-up gradually

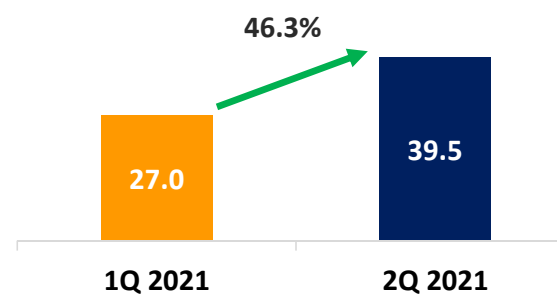
- Marked increase in Order Intake across almost all sectors in 2Q2021, as customers become accustomed to the 'new normal' of operating

KEY FINANCIAL HIGHLIGHTS – ORDER INTAKE

Total Order Intake YoY (1H 2021 vs 1H 2020)
(\$'m)



Total Order Intake QoQ (2Q 2021 vs 1Q 2021)
(\$'m)



- NeraTel secured approximately \$66.5 million in order intake in 1H 2021, which marked a 16.3% decrease compared to 1H 2020 as customers reduced their capital expenditure amid an increasingly uncertain macroeconomic environment
- On a quarter-on-quarter basis, the Group saw a 46.3% increase in order intake as customers become accustomed to the 'new normal' of operating

KEY FINANCIAL POSITION

\$'m	30 June 2021	31 December 2020
Current Assets	131.65	149.66
Current Liabilities	78.00	91.98
Net Current Assets	53.65	57.68
Total Assets	143.71	162.35
Total Liabilities	81.84	96.09
Total Borrowings	28.00	28.50
Cash and Bank Balances	21.34	23.12
Net (Debt)/Cash	(6.66)	(5.38)
NAV/Share (SGD cents)	17.09	18.31

- The Group maintained a healthy balance sheet, with a strong financial position as at 30 June 2021

A decorative blue sidebar on the left side of the slide, featuring a pattern of hexagons. Some hexagons contain white icons: a telephone handset, a gear, a bar chart, a download arrow, and a person icon. The text "OUTLOOK & STRATEGIES" is written in red, bold, sans-serif capital letters across the middle of the slide.

OUTLOOK & STRATEGIES

MACRO OUTLOOK

Uneven recovery amid slow vaccine rollout globally and more contagious variants



GLOBAL OUTLOOK

- According to the International Monetary Fund (“IMF”), the global economy is projected to grow 6.0 per cent in 2021 and **4.9** per cent in 2022.
- However, prospects for Emerging Asia have been marked down from 8.3% to 7.5% in 2021 as the spread of the more contagious COVID-19 Delta variant resulted in a surge in cases. This caused countries to further extend lockdowns and movement restrictions.
- The IMF also noted that a slower-than-anticipated vaccine rollout could exacerbate risk by allowing the virus to mutate further



SINGAPORE OUTLOOK

- In Singapore, GDP is forecasted to grow between “6.0 to 7.0 per cent” in 2021 according to the Ministry of Trade and Industry (“MTI”), although this recovery remains uneven across sectors
- The MTI also noted that continued geopolitical uncertainty involving the major economies could weigh on global trade and the global economic recovery
- Singapore continues to experience movement restrictions within the country amid a renewed spike in COVID-19 cases. The country re-entered Phase 2A (Heightened Alert from 22 July to 18 August 2021)

As such, the COVID-19 pandemic and spread of more contagious variants will likely continue to create uncertainties in terms of the Group’s business outlook

MACRO OUTLOOK

Continued lockdowns in regions where the Group has operations in



- **Indonesia, Malaysia, Morocco, Pakistan, Philippines, Thailand, and Australia** have all experienced lockdowns of varying severities amid the spread of the more infectious COVID-19 Delta variant and a slower than expected vaccine rollout
- This has affected the Group's Order Intake as customers shift towards cash preservation and reduce their capital expenditure

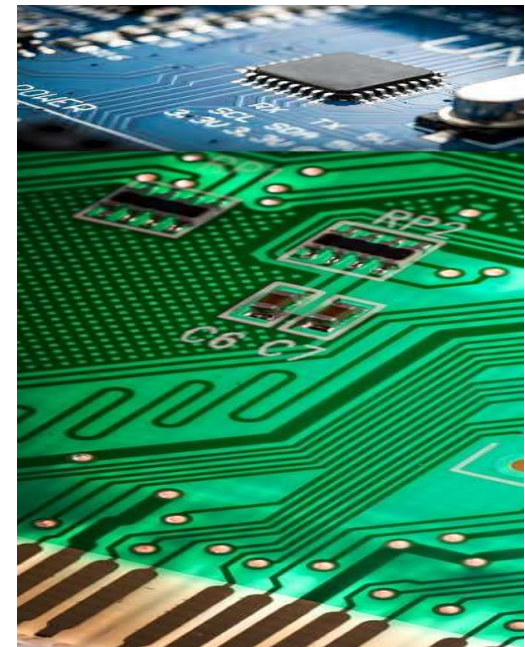


- The Group's operations outside of Singapore, especially in Emerging Asia, are expected to continue to experiencing frequent lockdowns due to the slow vaccine rollout
- As global COVID-19 infection rates remain high, the COVID-19 virus will continue to mutate, causing further uncertainty.

SEMICONDUCTOR SHORTAGE

The Group is affected by the global semiconductor shortage

- The global semiconductor shortage, which resulted from a confluence of factors including the COVID-19 pandemic and US-China Trade War, had an impact on the Group's order intake
- The Group's supply chain has also been affected as semiconductor deliveries from vendors have been delayed
- Industry experts predict that the semiconductor shortage could last until 2023, as demand remains strong and supply limited



KEY LONG-TERM INDUSTRY DRIVER – 5G



>US\$ **80.06B**
5G Infrastructure Market (Globally)
(2027F)

71.0%
CAGR
(2020 – 2027F)

Near-term impact of COVID-19 on 5G deployment, especially in Emerging Asia

- GSMA, the industry organisation for mobile network operators, has observed that COVID-19 has curtailed continued 5G deployment plans in the short-term partially due to delays in access and workers being unable to move around their countries and install 5G networks

Long-term opportunities arising from 5G deployments

- According to Fortune Business Insights, the 5G infrastructure market is expected to reach \$80.06 billion by 2027, growing at a CAGR of 71.0% during the forecast period, 2020 to 2027
- JP Morgan predicts that global enterprise opportunity enabled by 5G is expected to exceed \$700 billion and that enterprise use cases will become a primary driver for 5G growth

The Group is actively positioning itself appropriately to pursue 5G-related opportunities with Service Providers. These opportunities include the upgrading of existing IP infrastructure, fronthaul and backhaul networks; providing cybersecurity products as well as offering network planning, consultancy, RF benchmarking and optimisation services to operators and main contractors

STEERING THROUGH THE COVID 19 CRISIS

- BUILD RESILIENCE AND ENHANCE COMPETENCIES

- **Contain Costs** – NeraTel's group-wide efficiency and cost reduction initiatives have borne fruit, with lowered staff related costs. The Group has also taken steps to maintain adequate cash reserves through extracting cost savings, where possible
- **Capital Management** – Optimisation of working capital and improving NeraTel's cash flow through better management of accounts receivables and account payables
- **Build Competencies** – The Group continues to hire judiciously only for strategic positions. Staff are encouraged to participate in online training especially in new business areas such as Cybersecurity and Automation
- **Leverage on Opportunities brought about by accelerated digitalisation** – The Group continues to prepare for opportunities brought on by the COVID-19 pandemic, as remote working, be it wholly or partially, continues to be the default mode for businesses and organisations in Singapore and globally. As such, companies need for companies to strengthen their cybersecurity capabilities on distributed networks and cloud-based platforms to prevent security breaches. Additionally, as cyber threats become more sophisticated and businesses become increasingly reliant on cloud computing, companies will need to bolster their cybersecurity budgets to protect themselves from the ever-evolving threats. NeraTel will push forward with the expansion of our Cybersecurity business to address the growing security concerns
- **5G Deployment** – The rollout of 5G networks in Singapore and the region will present further opportunities for NeraTel, with the deployment of networks. The Group is actively positioning itself appropriately to pursue 5G related opportunities with Service Providers. These opportunities include the upgrading of existing IP infrastructure, fronthaul and backhaul networks; providing cybersecurity products as well as offering network planning, consultancy, RF benchmarking and optimisation services to operators and main contractors

IN CONCLUSION

- OUR KEY DIFFERENTIATORS

Experience

Over Four Decades of Established Track Record; Trusted Name with Long-standing Customers

Global Footprint

Operates in 12 countries

Best-in-breed

Highly-certified Engineers and Project Management Professionals, one of the Largest Pools in the Region

Differentiating Services

Holistic and Comprehensive Suite of Industry-leading Products and Services

End to End Capabilities

Provides Turnkey Solutions



1H 2021 RESULTS PRESENTATION

THANK YOU