



Market Eye Technology Conference 2017

“Disrupting the Status Quo”

Chris Last – Chief Financial Officer
30 October, 2017





INTRODUCING NETCOMM WIRELESS



CORPORATE OVERVIEW – LEADING COMMUNICATIONS TECHNOLOGY INNOVATOR

OUR STRATEGY IS DESIGNED TO POSITION NETCOMM WIRELESS AS A GLOBAL PLAYER IN CONNECTING SOCIETIES.

- Developer of Fixed Wireless broadband, wireless M2M / Industrial IoT and Fibre to the distribution point (DPU) technologies
- Headquartered in Sydney, NTC employs c.220 staff located in Australia, the US, Europe/UK and New Zealand
- Member of the ASX 300

Capital Structure

ASX Code	NTC
Shares on issue	146.3m
Share price (26 Oct 2017)	AUD 1.31
Market Capitalisation (26 Oct 2017)	AUD 191.7m

Board of Directors

Justin Milne	Chairman
Ken Sheridan	CEO & Executive Director
Stuart Black	Non Executive Director
Ken Boundy	Non Executive Director
David Spence	Non Executive Director



DISRUPTING THE STATUS QUO

BROADBAND IS THE NEXT *UTILITY SERVICE*



CAN REGULATION IMPROVE SERVICES?

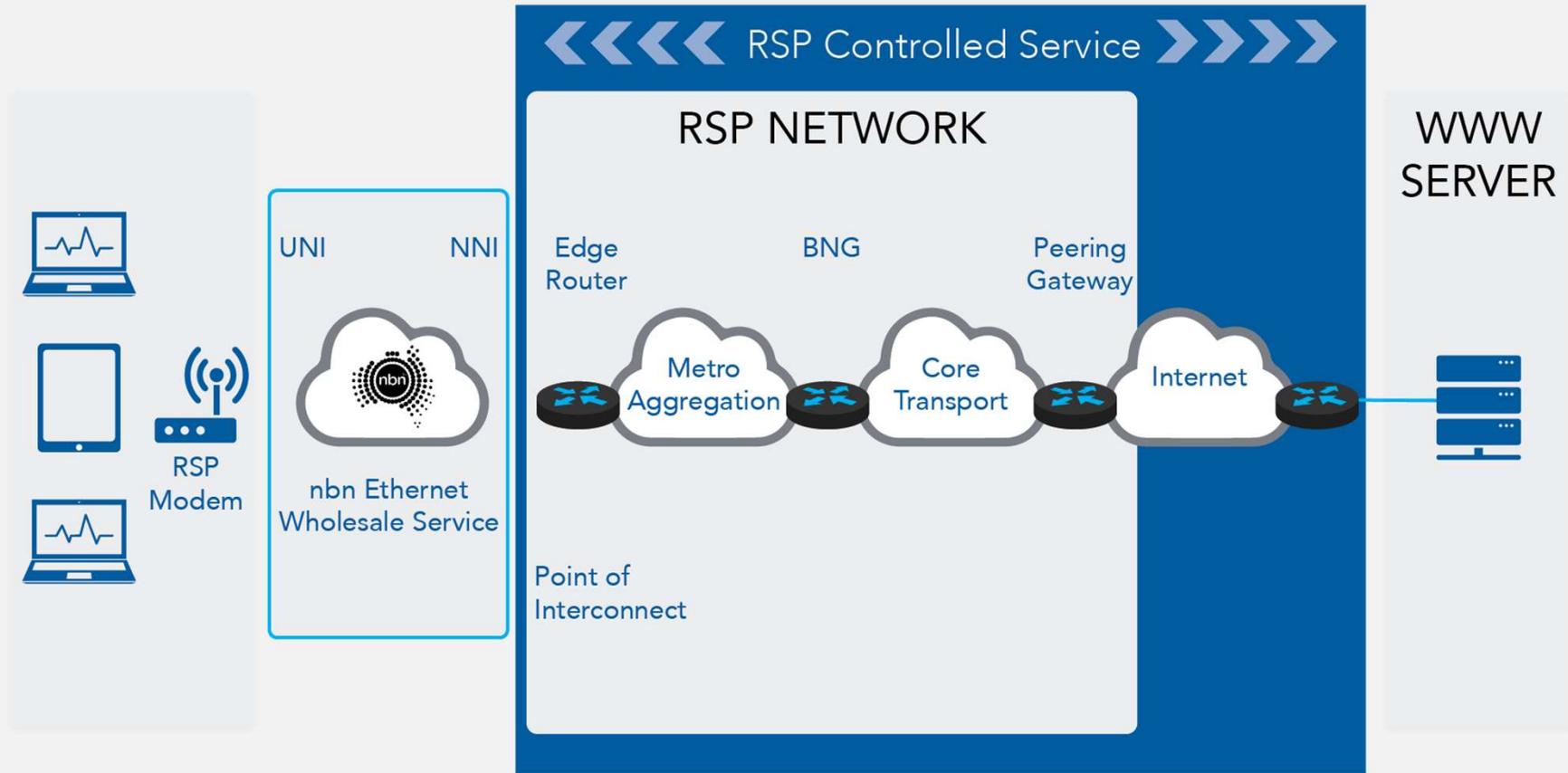


Ref: *The Great Stink*

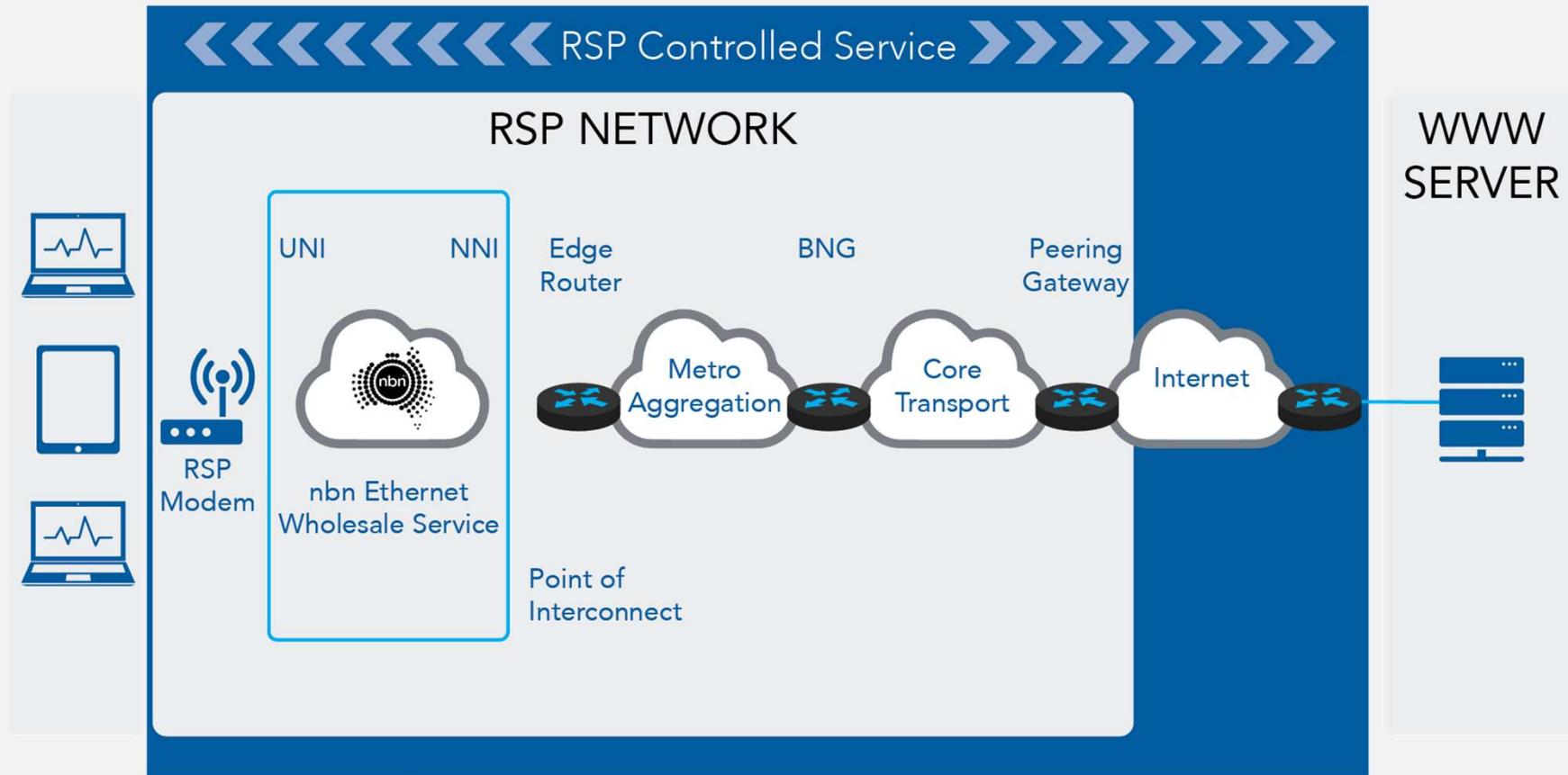
"The 'Silent Highway' - Man
Your money or your life" (1858)

Source: Cartoon from *Punch Magazine*,
Volume 35; 10 July 1858
Public Domain

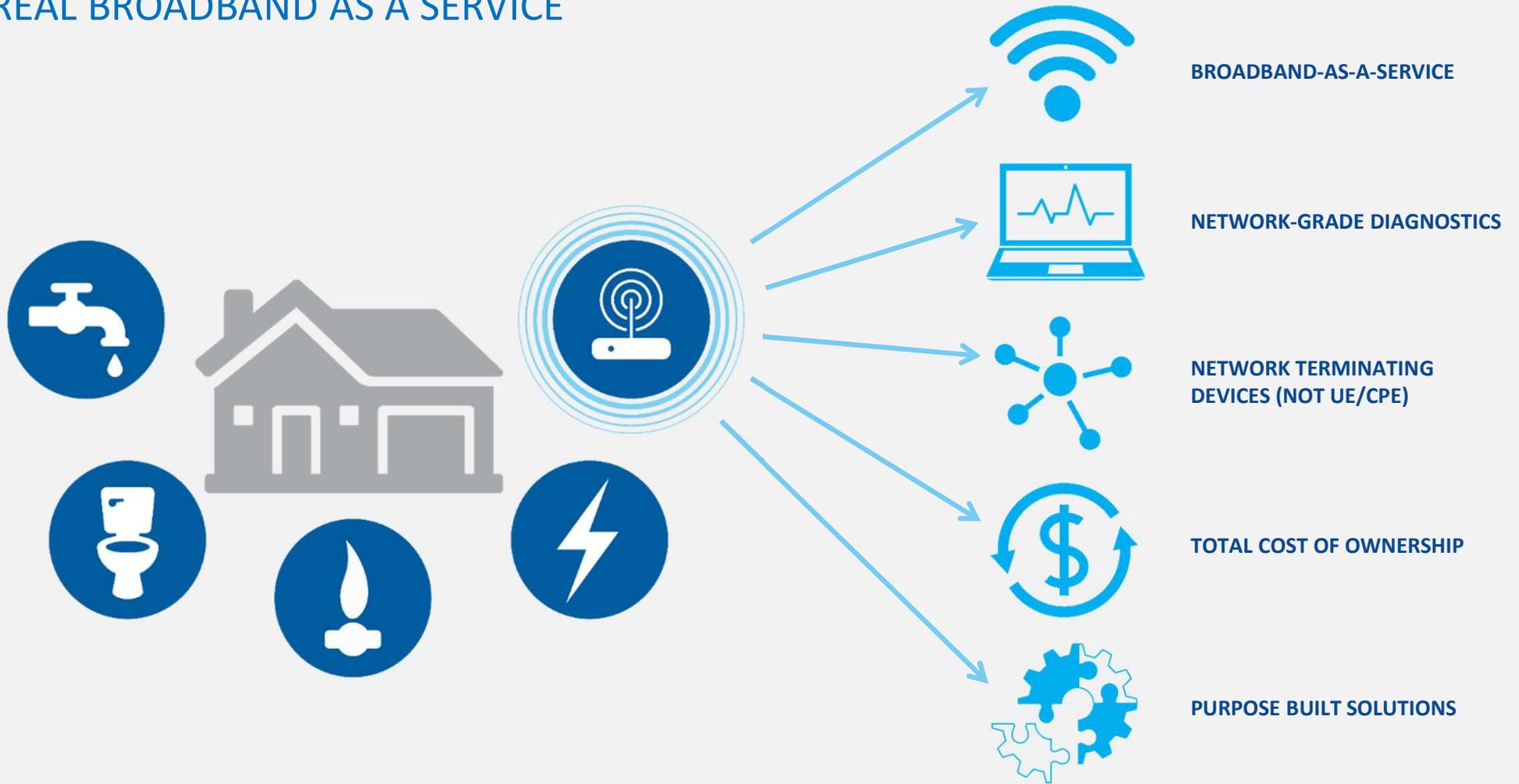
EXTEND NETWORK OPERATORS TRUSTED ZONE



LIMIT THE UNKNOWN



REAL BROADBAND AS A SERVICE



NETCOMM WIRELESS METHODOLOGY: TECHNOLOGY AGNOSTIC

LISTEN

We listen to our customers and identify their specific needs

INNOVATE

Innovation is applied to develop a unique bespoke device to meet the customer's requirements

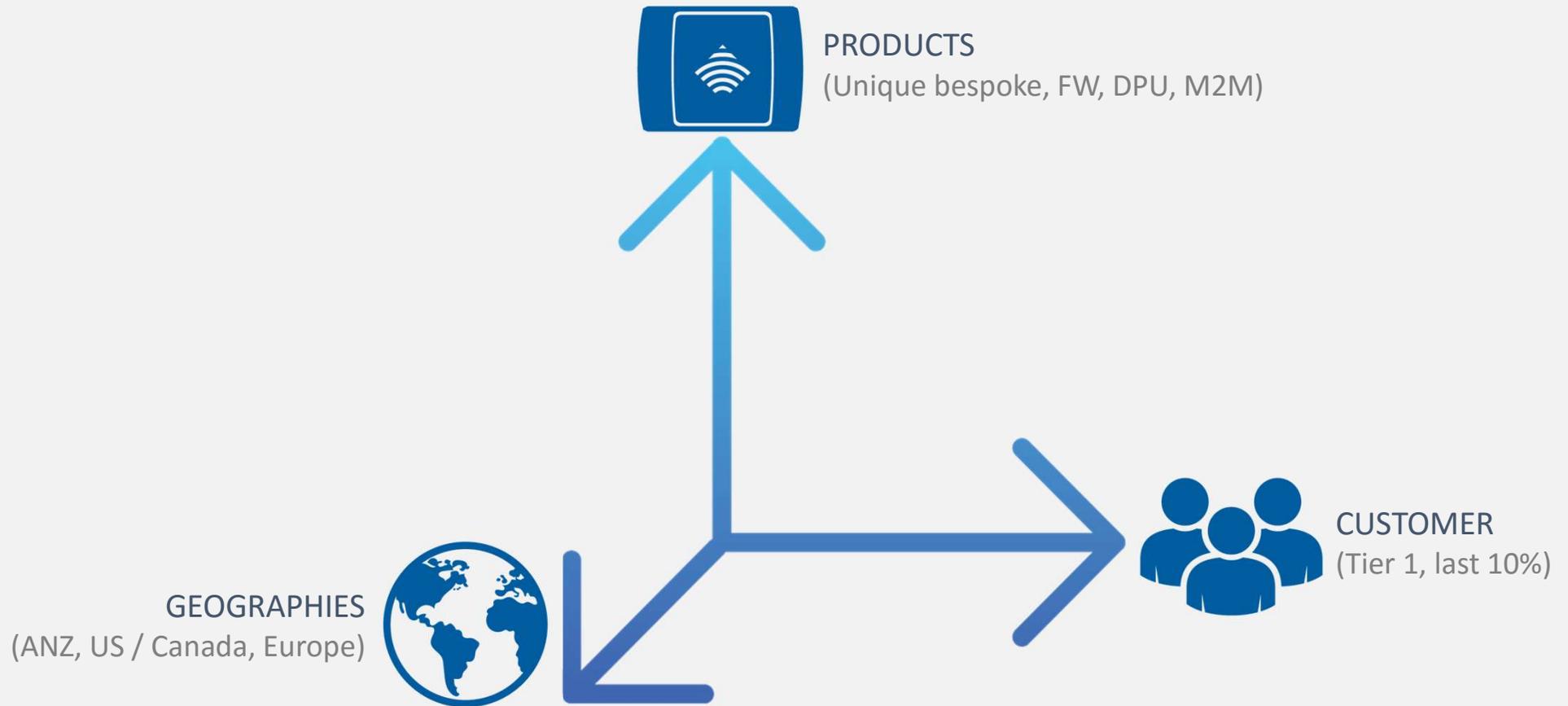
SOLVE

Customer requirement met, exactly. Problem solved



People, culture and customer interaction is at the heart of our business plan.

NETCOMM WIRELESS GLOBAL SALES STRATEGY





KEY GROWTH BUSINESS

FIRST TO MARKET WITH FIXED WIRELESS SOLUTION IN AUSTRALIA

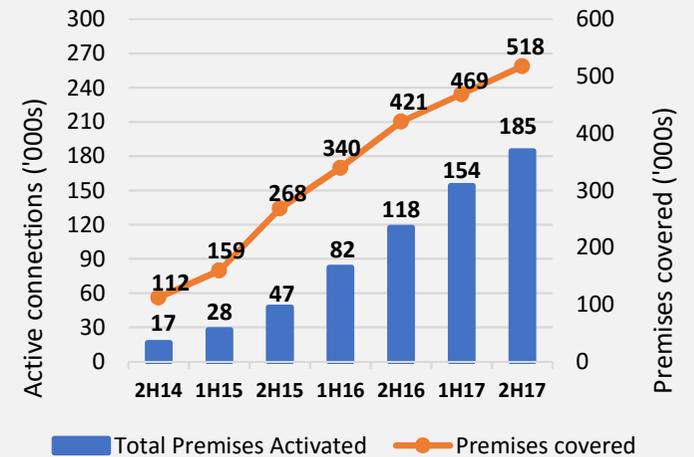
NETCOMM WIRELESS/ERICSSON/NBN ROLLOUT



As at 19 October 2017, Fixed Wireless:

- Fixed Wireless coverage increased to 548k premises since June 2015
- Take up rate rose to 37.1%, demonstrating increasing market penetration
- Connections activated up to 203k premises
- NetComm supplies devices in advance of new connections
- **Increasing coverage, further market penetration and technology upgrades to drive future growth**
- **nbn to launch new 100mbps service during 2018**

nbn fixed wireless activations and coverage



Source: nbn

LONG TERM GROWTH OPPORTUNITIES IN THE \$80BN FIXED WIRELESS MARKET

A compelling event: PSTN (copper line) shut down

- The global shut down of copper lines impacts fixed line (ADSL) broadband
- The standard replacement is fibre in built up areas which covers 90% of customers
- The remaining 10% are regional and rural customers - Boston Consulting Group concludes that Fixed Wireless is the best solution and the total addressable market size is \$80bn

NetComm is actively pursuing multiple global Fixed Wireless opportunities, with a significant focus on the US and Europe

- These involve substantial volumes and leverage off our demonstrated expertise from the nbn contract



FIRST TO MARKET WITH DISTRIBUTION POINT TECHNOLOGY IN AUSTRALIA

FTTC – DISTRIBUTION POINT UNITS (DPU)

- With the replacement of copper networks with fibre and HFC cable, there is a large opportunity to deploy Distribution Point Units. This requires a device that connects fibre or cable which is deployed down a street to the copper line that enters the customers premises
- This type of technology provides high speed connectivity at an affordable price and can be deployed much faster than fibre all the way to the home
- Signed agreement with nbn in November 2016 to supply DPUs for their Fibre To The Curb (FTTC) project
- 1 million premises earmarked for FTTC by nbn
- Global opportunities involve substantial volumes and leverage off our demonstrated expertise from the nbn contracts in both Fixed Wireless and DPU



5G IN THE REAL WORLD



THE 5G STORY



BROADBAND

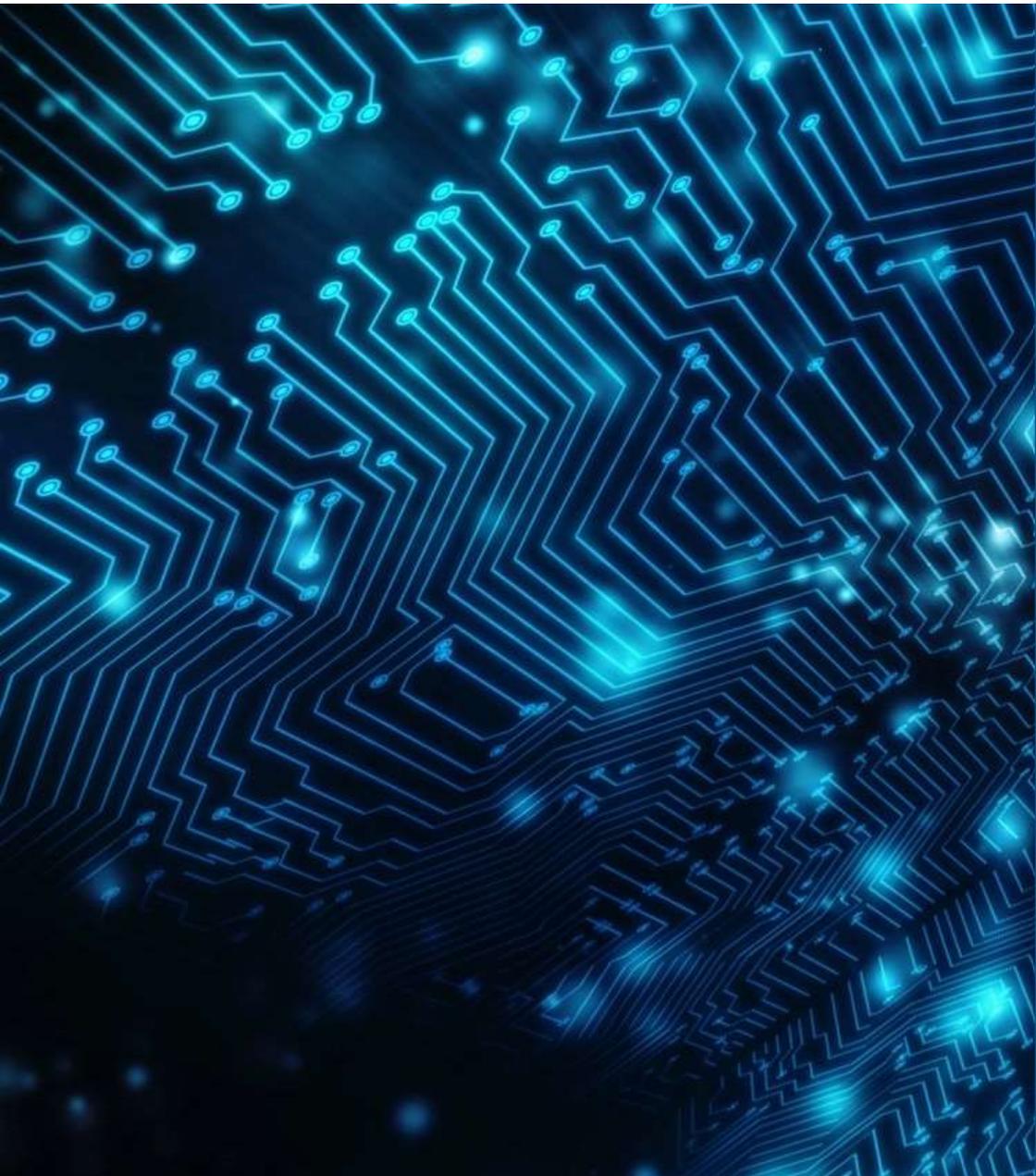


**MISSION
CRITICAL**



**MASSIVE
MACHINE TYPE**





FY17 HIGHLIGHTS

POSITIONING FOR GROWTH

FY17 HIGHLIGHTS: REINVESTING TO DRIVE GROWTH IN FY18 AND BEYOND

Growth strategy is delivering results



Record operating revenue of \$107.6m (up 26.3%)

- Revenues from Growth Business (M2M, Fixed Wireless & DPU) up 47% to \$86.3m (FY16: \$58.7m)
- Expenses increased as planned



Revenue mix continues to evolve towards Growth Business

- 80% of revenue (FY16: 69%)
- Driven by Tier 1 customers including nbn, Ericsson



Reinvesting for long term growth in line with strategy

- Reported EBITDA of \$3.6m (FY16: \$6.1m)
- Additional investments in people and capability (\$12.6m) to enable contracts to scale from FY18 and deliver new contract wins



Strong improvement in operating cash flow

- Tight management of working capital
- Operating cash inflow of \$8.2m (FY16: operating cash outflow of \$(2.0)m)
- Strong balance sheet \$22.1m (cash @30 June 2017)
- \$17m bank facilities with no debt drawn



FINAL THOUGHTS

INVESTMENT HIGHLIGHTS

- Large opportunities in markets with Tier 1 customers; allows us to leverage into other projects globally
- Won 3 out of 3 major Fixed Wireless and DPU contracts tendered for so far with globally recognised Tier 1 customers
 - Ericsson/nbn Fixed Wireless: producing revenue now
 - nbn FTTC: ramp up expected during H1 FY18
 - US Fixed Wireless: ramp up expected during FY18
- Debt free and well funded to support growth objectives
- Experienced Board and Executive Team



QUESTIONS



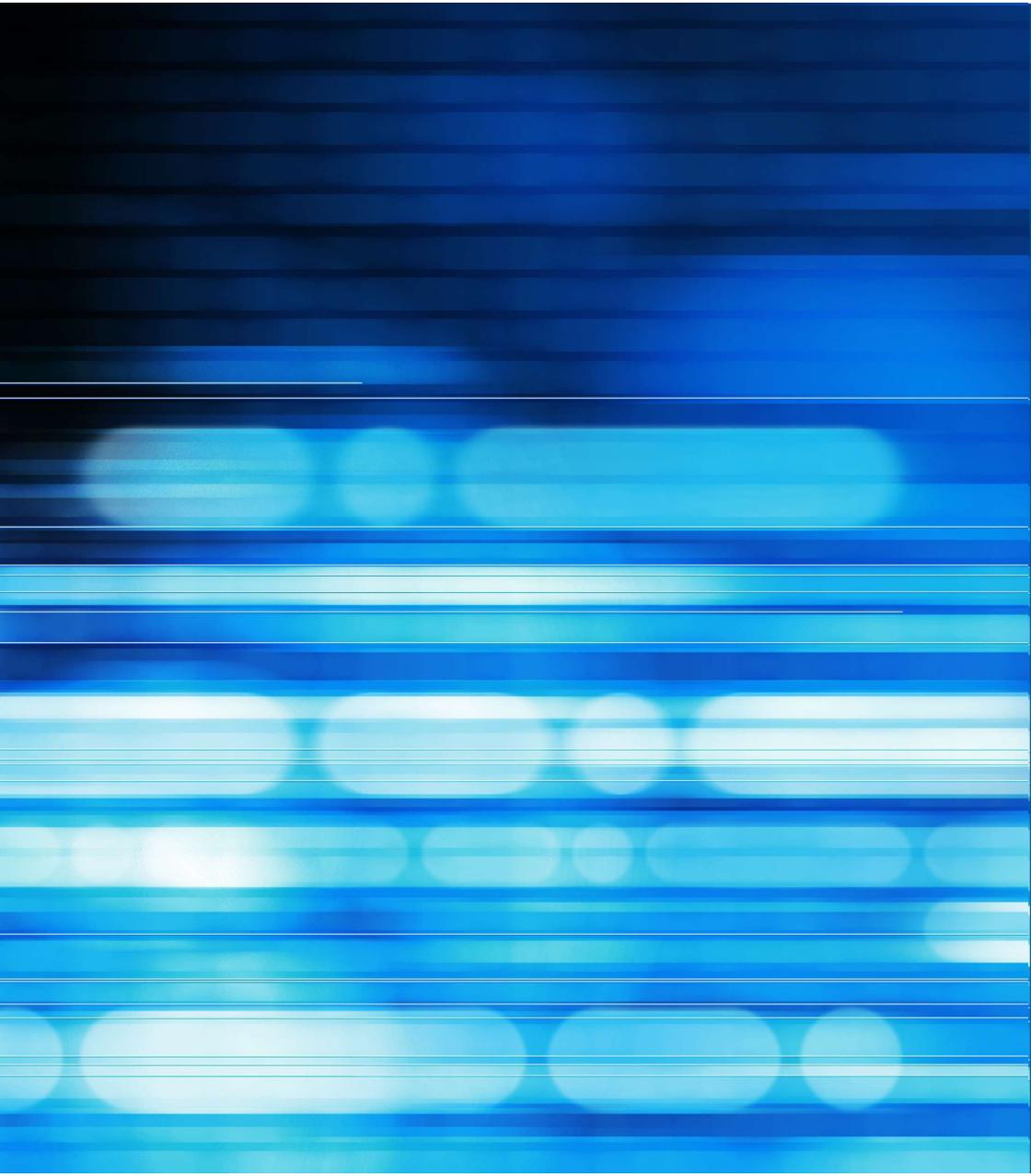
ACCOLADES

Adding to our long list, in 2016 we received industry acclaim for our commitment to innovation, having been named winner of the new ACOMM Award category - IoT Innovator; and recognised as an ABA100 winner in two categories of The Australian Business Awards.



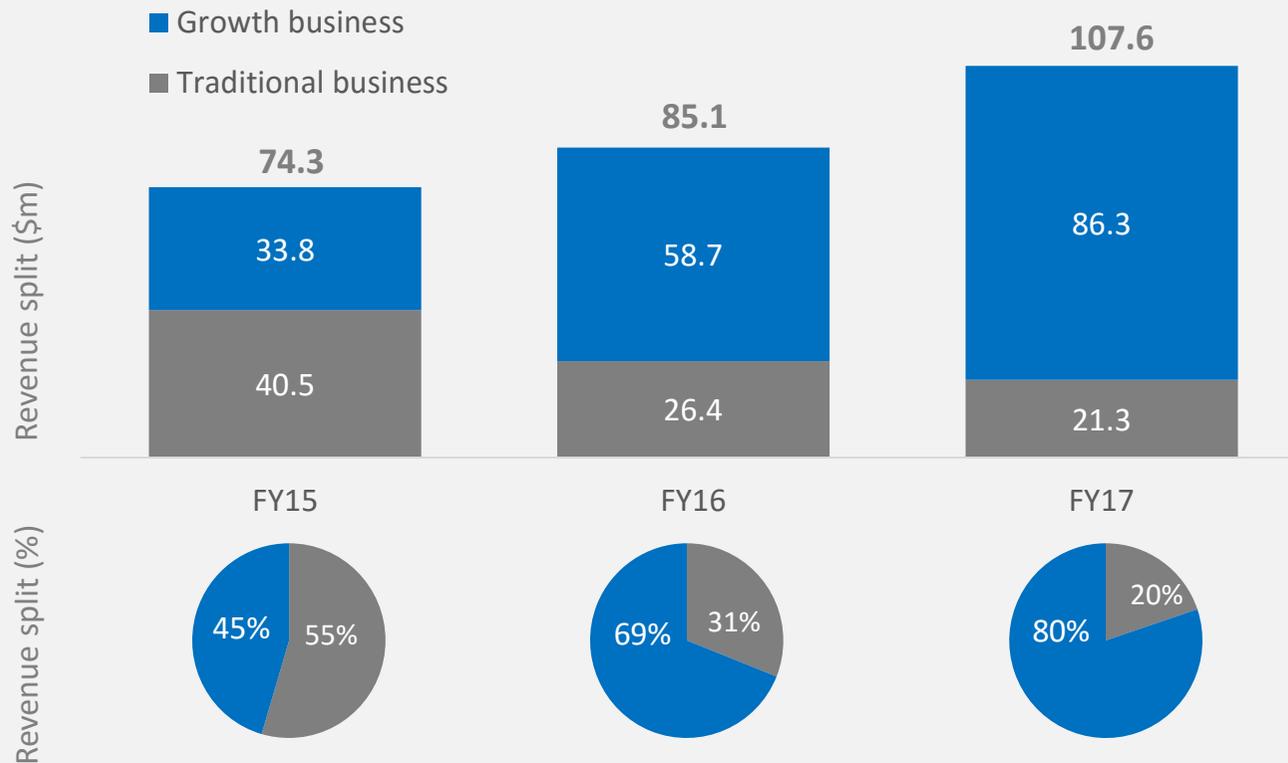
nbn SUPPLIER AWARD

NetComm Wireless Limited was named winner of the **nbn Scaling Excellence Award** at nbn's Annual Supplier Conference in September 2017 for its outstanding contribution to the Fibre-to-the-Curb (FTTC) project. NetComm Wireless was recognised for its timely delivery of world first Distribution Point Units (DPUs) that facilitate the fast and economical rollout of nbn FTTC, which is scheduled for launch by mid-2018.



APPENDICES

FY17 HIGHLIGHTS: SUBSTANTIAL INCREASE IN GROWTH BUSINESS REVENUES



- Growth Business comprises Fixed Wireless, DPU & M2M – revenue up 47% to \$86.3m
- Traditional Business revenue lower mainly due to a slowdown of powerline device sales. However the market disruption created by the nbn rollout provides opportunities to restore growth momentum to this Business.

FY17: REVENUE REINVESTED TO DRIVE FUTURE GROWTH

(\$m)	FY17	FY16	Change
Total Revenue	107.6	85.1	26.3%
Reported EBITDA	3.6	6.1	(41.1%)
(Loss)/Net profit after tax	(1.8)	2.0	
Earnings per share (cps)	(1.2)	1.5	

Operating Revenue up 26.3% to \$107.6m

- Growth Business revenue streams diversifying:
 - Delivered initial orders from the nbn FTTC and AT&T Fixed Wireless contracts
 - Revenue from Ericsson/nbn Fixed Wireless contract
 - Revenue from international M2M clients
- Growth Business accounted for 80% of FY17 Revenue, compared to 69% in FY16

Decrease in reported EBITDA to \$3.6m

- Investments made in FY17 ahead of revenue growth
- Further investment into additional workforce and capability (\$12.6m expensed) to support the scaling up of existing contracts, and further growth initiatives

FY17: STRONG BALANCE SHEET SUPPORTS GROWTH INVESTMENT

(\$m)	30 June 17	30 Jun 16	Change
Cash and equivalents	22.1	36.5	(39.4%)
Other assets	90.3	54.9	64.5%
Total assets	112.4	91.4	23.0%
Borrowings	0.1	0.0	
Other liabilities	36.7	14.1	44.6%
Total liabilities	36.8	14.1	160.2%
Total equity	75.6	77.3	(2.2%)

- No bank debt with Cash balance of \$22.1m
 - Supportive of current and future M2M, Fixed Wireless and DPU growth opportunities
- Cash used to fund investments in staff and infrastructure, as orders from key contracts begin to scale
- Increase in other assets mainly due to capital asset investments, higher inventory and receivables, as the Company scales
- Increase in payables due to strong working capital management
- Balance sheet remains conservative, with bank loan and debtor finance facilities available

FY17: OPERATING CASH FLOW TURNAROUND

(\$m)	FY17	FY16
Net cash flows from operating activities	8.2	(2.0)
Net cash flows from investing activities	(22.6)	(10.7)
Net cash flows from financing activities	(0.0)	45.8
Net (decrease) / increase in cash	(14.4)	33.1

\$8.2m cash provided by operating activities

- Strong \$10.2m turnaround in operating cash flow of reflects tight management of working capital, particularly creditors

\$22.6m cash used for investing activities

- Invested in engineering capabilities and product development in line with our growth strategy

Net decrease in cash of \$14.4m

- Investments support strategic growth initiatives spanning Fixed Wireless, DPU and M2M, positioning us long-term growth



Listen. Innovate. Solve.

DISCLAIMER Some of the information contained in this presentation contains “forward-looking statements” which may not directly or exclusively relate to historical facts. These forward-looking statements reflect NetComm Wireless Limited current intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors, many of which are outside the control of NetComm Wireless Limited.

Important factors that could cause actual results to differ materially from the expectations expressed or implied in the forward-looking statements include known and unknown risks. Because actual results could differ materially from NetComm Wireless Limited current intentions, plans, expectations, assumptions and beliefs about the future, you are urged to view all forward-looking statements contained herein with caution.