



# NetComm

Annual General Meeting 2018



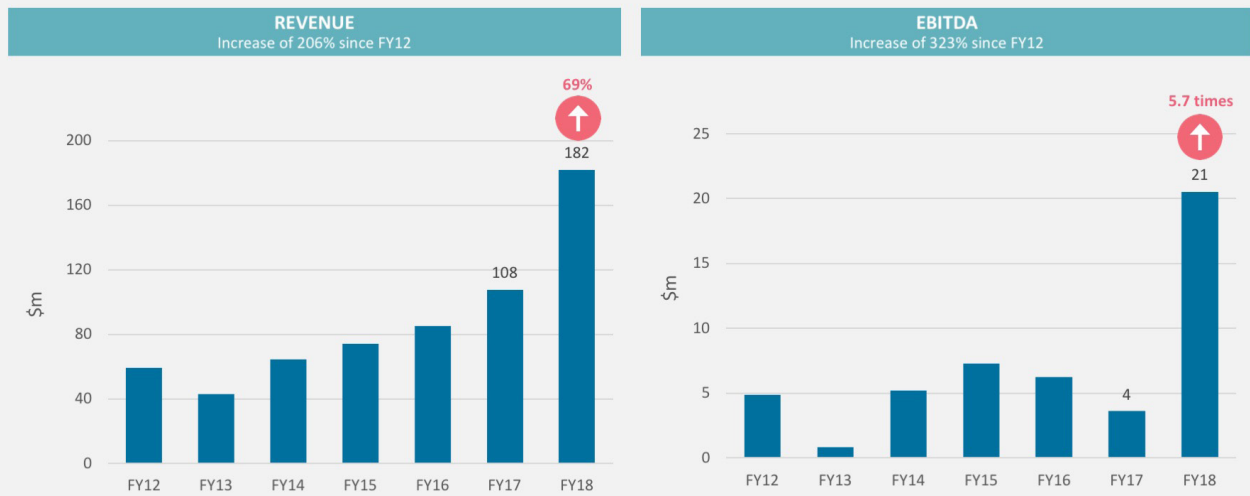
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Good Morning Ladies and Gentlemen,

I am delighted to welcome you to the 2018 AGM of NetComm Wireless Limited. I would like to take just a few minutes to review with you the incredible growth journey NetComm has taken over the last few years. Let me take you through some numbers.

## SUBSTANTIAL REVENUE AND EBITDA GROWTH OVER THE PAST SIX YEARS

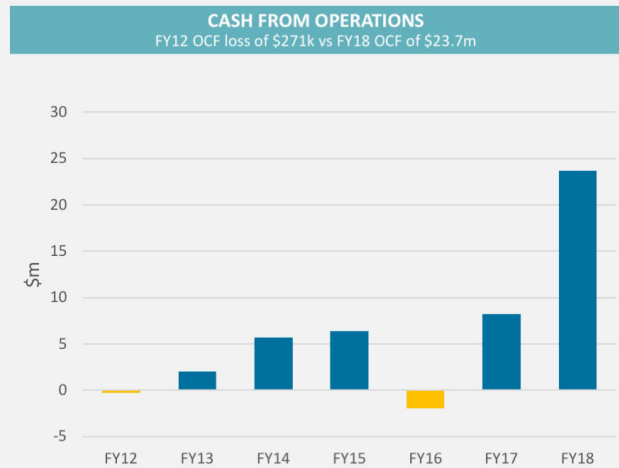
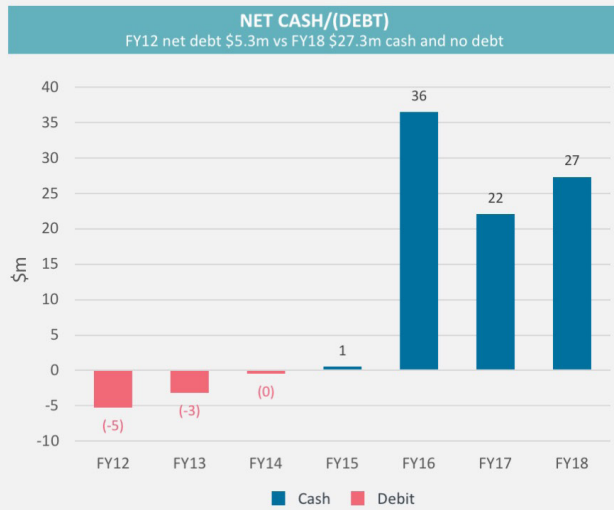


Annual Revenue has increased from \$59M in 2012 to \$182M in 2018

EBITDA has gone from \$4.9M to \$20.5M

Net Profit After Tax has gone from \$0.8m to \$8.0m

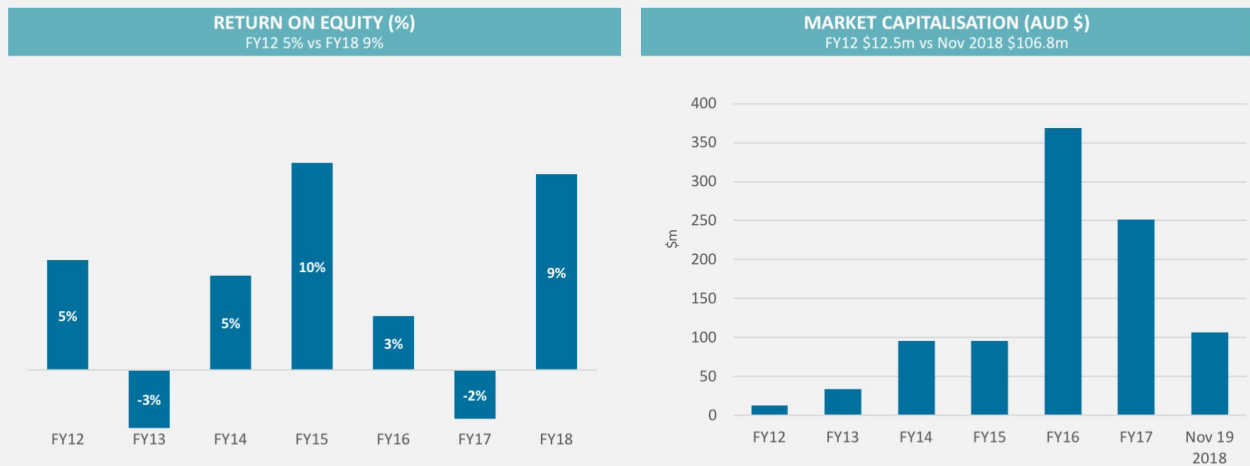
## NETCOMM HAS MUCH STRONGER FINANCIALS AND IS WELL POSITIONED FOR SUSTAINABLE GROWTH



In 2012 we owed the banks \$12M but at the end of the 2018 FY we had \$27.3M in the bank and an additional debt facility of \$20M undrawn and available to us.

In 2012 our operating cash flow was negative \$270K, whereas in 2018 that figure was positive at \$23.6M – a massive turnaround.

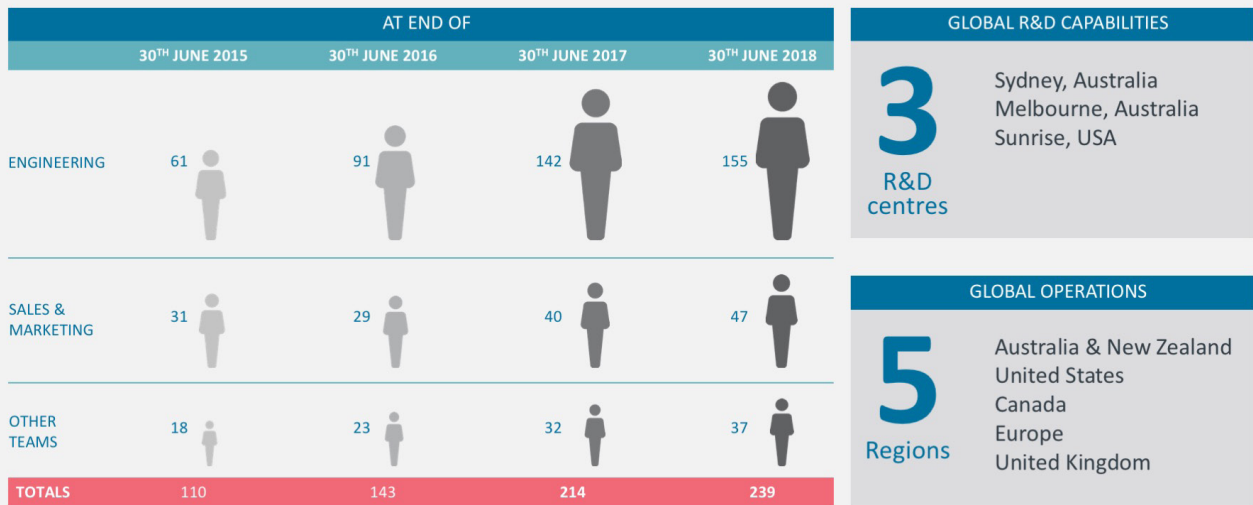
## NETCOMM RETURN ON EQUITY AND MARKET CAPITALISATION



During 2012 our return on equity was 5%, in 2018 it was +9%, another significant achievement.

In 2012 our market cap was \$12.5m and today it's \$106m and destined to go much higher in my opinion.

## SIGNIFICANTLY SCALED THE BUSINESS



We've been investing in people to make all this happen and our headcount has gone from 78 in 2012 to 239 today, which means our capability to deliver products and get new business has scaled dramatically – hence the revenue growth.

And in 2012 we operated only in ANZ. Today we have operations in the US, Canada, the UK and Europe, allowing us to service Tier 1 telecommunications operators globally.

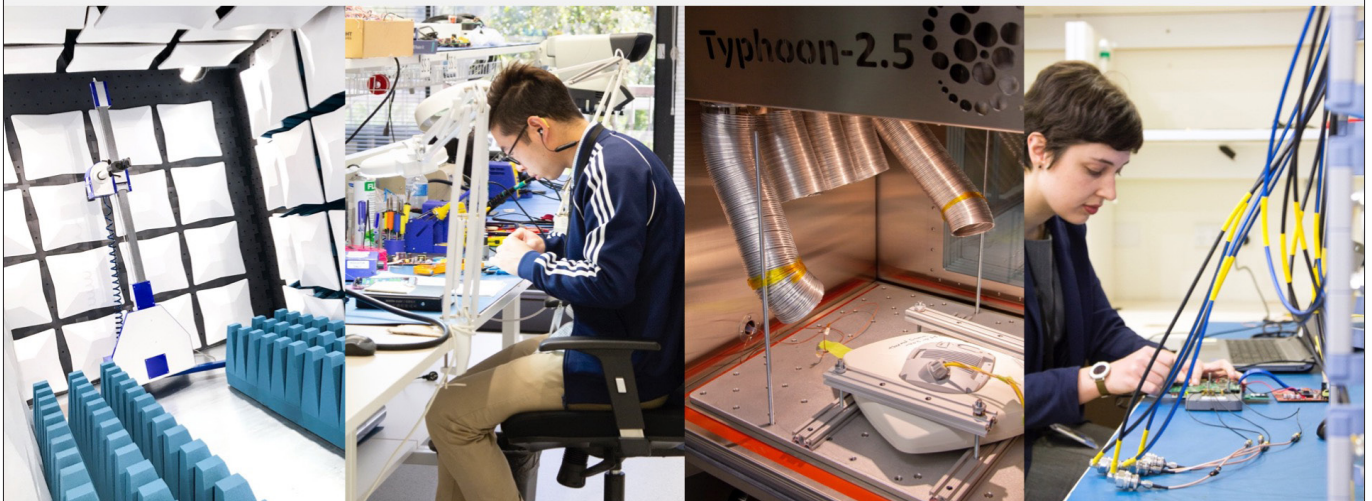
## NETCOMM NOW HAS A MORE DIVERSIFIED TELECOMMUNICATIONS TECHNOLOGY SUITE



In 2012 we made modems. Today we sell a range of complex wireless and fixed line technologies to Tier 1 Telcos around the world, along with M2M solutions – and we still sell modems in ANZ.



## SIGNIFICANT INVESTMENT IN RESEARCH & DEVELOPMENT



In 2012 we outsourced nearly all of our testing overseas and spent very little R&D, whereas today we have one of the most sophisticated test labs in the Southern Hemisphere – certainly on a standard with many in the US. This drastically increases our speed to market and our ability to innovate and produce prototypes very quickly.

Our investment in Research and Development has gone from approximately \$5m then to nearly \$27m today and we have three major R&D facilities in Sunrise, Florida, Melbourne and here in Sydney.

## TRANSFORMATION & EXPANSION



Over the last few years NetComm has been transforming itself from a small Australian company to a financially strong and rapidly expanding business which is superbly positioned to become a significant player on the world stage.



ASX

AUSTRALIAN SECURITIES EXCHANGE



It has not come without pain and a great deal of effort, and it has been done in Australia where the markets currently value us at about 0.5 times our annual revenue whilst in the US very similar businesses are valued at multiples of 2-3 times their annual revenue. Australian shareholders are often not long term investors and Australia's tech sector is small.

Those of us who own shares in NetComm today have had to endure a bumpy ride recently. When the board decided to invest in our 5G capability and at the same time guided the market that next year would see similar levels of underlying profitability to this year, some investors fled the very next day and most regrettably our price came off significantly.

We are all sorry that the market treated us so harshly, but the board is absolutely certain that our focused growth strategy is the right one. As NetComm becomes a global player it will produce significant wealth for shareholders but not without investment in people and capability.

## THE 5G OPPORTUNITY



It's clear that the world is on the brink of another big technology leap into 5G and, it turns out that NTC is superbly well positioned for that with 4 major global telcos currently progressing extremely interesting projects with us – projects that will leverage our world class skill in fixed wireless and broadband technologies.

Steve Collins will have more to say about 5G shortly but let me briefly review some of the products that we are selling today.

## NEW INNOVATIONS DEVELOPED BY NETCOMM OVER THE PAST 12 MONTHS



Reverse powered DPU



Fixed Wireless



4G Residential Gateway  
for Urban Areas



4G Industrial IoT



Our Distribution Point Unit allows Telcos to rapidly and cost effectively deploy fibre to the street but use the existing copper connection to the house for the last 20 metres or so. Speeds are blistering. We are currently selling or pursuing opportunities in Australia, Britain, Canada, the US and Germany.

Our Network Connection Device connects to the DPU but inside the home. It contains some secret sauce which has helped to make our FTTC product the one that has the highest satisfaction scores from nbn customers.

This product is our Fixed Wireless product which interestingly has nbn's second highest customer satisfaction scores. We are currently selling variations of this product in Australia, the US, Canada and are pursuing opportunities in other markets.

This product is also a 4G fixed wireless product but does not require an external aerial. It is a product we are currently developing for a Tier 1 US customer.

And this product is a 4G wireless machine-to-machine device which is currently powering intelligent Coke machines around the world for Vodafone.

## BOARD APPOINTMENTS



David Spence  
Joined 22 May 2017



David Stewart  
Re-joined 23 December 2017



Jackie Korhonen  
Joined 27 August 2018

The Board believes strongly in succession planning both for the Executive and the Board. Over the last couple of years we have welcomed the appointment of three new non-executive Directors:

- David Spence has brought tremendous public company, telecommunications and tech experience to our board
- David Stewart re-joined the Board at the end of 2017. We are delighted to have his experience to draw on again; and
- Jackie Korhonen joined the Board on 27 August 2018. We'll hear from Jackie soon, but I'm delighted to welcome her as a seasoned leader, public company CEO, and technology and sales veteran.

During 2019 we will see more changes to the board and Executive as we bring in new skills to help us achieve our goals.

THANKS

Thank you  
Mr Ken Boundy  
for your service  
to our company



Ken Boundy is retiring at the end of today's AGM, and on behalf of the Board I would like to thank Ken for his outstanding contribution over the past six years as a non-executive Director and Chair of the Nomination and Remuneration Committee. Ken has been a wonderful comrade and an outstanding contributor to NetComm. He is a very high-quality individual with unimpeachable ethics and exemplary team spirit. I wish Ken all the very best for his future endeavours and thank him again on behalf of all NetComm shareholders.



# NetComm

Annual General Meeting 2018

I would also like to thank our Managing Director & CEO Ken Sheridan for the countless air miles he has flown to spearhead the development of our business internationally, and all of our highly talented staff for delivering a record result during FY18 through their hard work and frankly their brilliance in engineering and execution. And lastly you of course. I want to thank you, our shareholders, for your continued support as we grow our business over the long-term and deliver on the exciting potential we see ahead of us.

I am now going to hand over to Ken Boundy to talk through our Remuneration Philosophy.



## REMUNERATION PHILOSOPHY

**Ken Boundy**  
Chair, Nomination and  
Remuneration Committee  
2018



Good morning – As you know I will be stepping down at the end of today's AGM as a Director and as Chairman of the Nomination and Remuneration Committee.

It has been my absolute pleasure to have supported NetComm over the years in a period that has witnessed enormous growth for the Company, and with sadness that I step down today to focus more fully on my other interests.

And so, to NetComm's Remuneration philosophy and how we manage this in real life, in practice.

There's been much written and discussed recently in the public domain, regarding executive remuneration in general across many companies:

- It is too lucrative for executives
- It is too complicated to understand
- It is not aligned to shareholder's interests
- And it is not aligned to the best interest of the company ... and I could go on

Today I'd like to share with you how we have aligned our executive remuneration to the financial performance of the Company, longer term shareholder success and to delivering successful growth for NetComm.

## REMUNERATION PHILOSOPHY

- Attract and retain quality executives
- Align rem with Business strategy : customer centric, across 3 geographies, with tier 1 customers
- Responsibly reward through:
  - Fixed Remuneration: Based on market
  - Short Term Incentives (STI) Comprised: 50% EBITDA; 50 % KPI's
  - Long Term Incentives (LTI): Directly linked to growth in share price

As you know, a fundamental driver of delivering sustainable growth is to have the right people in place and for the Company to retain them. This forms a key part of our remuneration philosophy.

Our business strategy is one of accelerated growth secured by delivering high quality products to our growing number of Tier 1 customers internationally.

Our Remuneration structure aligns with business financial performance, and the business strategy of growth and is aligned to the interests of you, our shareholders.

We responsibly reward our executives across three components of remuneration – these are:

- Fixed remuneration – based on market salaries
- Short term incentives – which are split, one half driven by the Group's EBITDA of the year and one half on the delivery of strategic KPI's aligned with the long-term objectives
- Long term incentives – Which are directly linked to the growth in the share price.

## REMUNERATION OUTCOMES

### Fixed

Benchmarked July 2016 by PWC. F18 4.2%; F19 0-2%

### Short term

Record performance, but only 56% STI payout in F18, based on stretch (not soft) targets

### Long term

No growth in share price therefore no rewards

I will explain each of these 3 elements in more detail shortly, but here is a snap shot of how each element has performed in our FY18 and FY19 years.

First, Fixed (or base plus superannuation remuneration) was benchmarked in July 2016 with adjustments made in FY17 and FY18. For FY19 pay was increased by a modest annual increase of between 0% to 2%.

Secondly, Short term incentives also paid out a modest 56% of the Full bonus entitlement and remember that FY19 was an all-time record financial result.

And thirdly, the long term incentive has provided no reward to any executive thus far.

So, despite claims of the NetComm structure being 'Too lucrative' we would highlight this is simply not the case.

## FIXED REMUNERATION

Non Executive Directors	CEO	Senior Executives
<ul style="list-style-type: none"> <li>- No increases since F17</li> <li>- F19 small increase to sub committee chairs (\$10k)</li> </ul>	<ul style="list-style-type: none"> <li>- FY18 increase: 9.6% on appointment</li> <li>- FY19 increase: 2%</li> </ul>	<ul style="list-style-type: none"> <li>- FY18 majority 4.2% increase</li> <li>- FY19 all 2% increase</li> </ul>
Revenue up 69% and EBITDA up 5.7 times from F17 to F18		

### First to our Non-Executive Directors:

- Base Director fees: have not increased in two (2) years and remain at the FY17 levels.
- Committee fees: As you know many boards and board subcommittees are now subject to more stringent regulations and requirements.
- We have two Board subcommittees being Audit & Risk and the Nomination & Remuneration committee
- In FY19 we decided the Chairs of these two committees (but not the Directors' that sit on the Committee) should be provided with an additional nominal fee as a Committee Chair.

### Now to our CEO remuneration.:

- Ken's contract and new "CEO appointment pay" took effect 1st July 2017 with a 9.6% increase. This was followed by a modest annual increase of 2% in FY19."

### And finally, to our Senior Executives:

- I acknowledge Total People costs have increased. But this has been primarily due to expansion of the Leadership Team to support our accelerated growth and international expansion strategy.
- To provide evidence of this our annual salary increases were modest at 4.2% for the majority of Senior Execs in 2017 and were only 2% for ALL Senior Execs in 2018

Whilst increases in remuneration of our executives and Directors has been modest, we are pleased our revenue and EBITDA growth has been fair from modest.

## SHORT TERM INCENTIVE REMUNERATION (STI)

- Stretch targets are set and monitored monthly by the Board
- STI plans are based EBITDA target (50%) and business objectives (50%)
- Business objectives were:
  - Customer growth
  - People engagement, attraction & retention
  - Engineering excellence
  - New Technology
- 33.3% of any earned STI is deferred for 1 year and is payable if the person remains employed.

Senior executives are entitled to a short-term cash incentive based on performance criteria defined and specified in detail by the Board at the start of the financial year.

Don't forget, that your Board also monitor KPI delivery every Board meeting as the year progresses.

In addition, an overall "floor financial performance" level is set, and if performance falls below this level no short-term incentive is payable, at all, regardless of how the executive performed in delivering their KPIs. The bonus is simply forfeited.

As an aside we do not let executives carry forward a bonus to achieve a future year.

As indicated at the start of my presentation Short Term Incentive plans are based on the achievement of a specified EBITDA target (50% weighting) and business objectives (50% weighting).

The business objectives are linked to delivering the medium and long-term strategy of the business. For FY18 and FY19 these focused on

- Customer Growth
- Engineering Excellence
- People Engagement, Attraction & Retention
- New Technology

In addition to the base STI calculation, the Board can use a multiplier which ranges from zero (0), used to completely cancel an STI payout due to inappropriate behaviour, up to a maximum 1.5 for exceptional performance. In FY17 and FY18 the multiplier has never exceeded 1.0.

In order to enhance retention of senior executive and to further protect shareholders one third (33.3%) of any STI is deferred for one (1) year and is only payable if the executive remains an employee at the time of the payment the following year.

We can see from this slide how the STI has performed / paid out over the last two years. Despite FY18 being an all-time record financial performance, our executives only received on average 56% payout.

This validates that your Committee is making sound judgements on remunerating the Group's executives and does not "go soft" and overpay.

## LONG TERM INCENTIVE REMUNERATION (LTI)

LTI based on SARS allocated on 3 year share price growth

Explanation	Example
SARS at initial VWAP	10,000 SARS at \$1.00
3 years later new VWAP. Calculate payable amount	\$1.10 (3 years later) $\$0.10 \times 10,000 = \$1,000$
Outcome normally provided in shares	$\$1,000 \div \$1.10 = 909$ shares
No payments if no share price gains	$\$0.90 - \$1.00 = (\$0.10)$

The Long-Term Incentive Scheme is based on the issuance of share appreciation rights (SARs) – these differ from classical “Share Options” – I will explain further in a minute.

But first, no Non-Executive Director has ever received SARs. Only our Executive Management team receive SARs.

As you may have seen in the Annual Report we provided an example of how Share Appreciation Rights work. For those not familiar with how SARs works here is another example.

It is important to clarify the mechanics of the calculation as often there is confusion and we do see commentary on NetComm that is simply not accurate.

First our Executives receive an initial SARs grant, which in this example is 10,000.

To be clear, this is not a grant of shares, it is a grant of share appreciation rights. This difference is that a participant is rewarded only the level of share price growth over the 3-year vesting period, and only the growth. The executive never receives the value of the share at date of grant.

So, in this example as you can see, if the share price increased by 10c at the end of the three (3) year period after grant, it would result in a payout of 10c per SAR, with 10,000 SAR's equals a payout of \$1,000 only. This is normally paid out to the Executive in shares not cash. In this case they would receive 909 Shares.

Of course, if the share price at vesting is the same price or lower than the market price at grant the executive walks away with nothing at all.

However, please note that accounting rules require us to include a non-cash expense that is charged to the P&L even in circumstances such as this, where an executive receives NO reward. I reiterate that this is not a cash cost. The expense is determined by applying a pre-determined actuarial formula in accordance with the relevant accounting standards. To conclude on LTI. We believe that for the size and operations of our business right now, this type of LTI scheme is absolutely fit for purpose. It is directly aligned with the best interest of shareholders – being long term share price growth.

## LONG TERM INCENTIVE REMUNERATION (LTI)

### Key Facts

As at Oct 2018 no LTI's (Share Appreciation Rights) have led to a payout (cash or shares) to any NetComm KMP.

As at Oct 2018 all shares held by Directors and Executives have been purchased with their own funds.

The purpose of the LTI is to retain key executive and to ensure they remain aligned with the success of the company and Shareholder returns.

Share Appreciation Rights (SARs) is the mechanism we use to achieve this.

Our SARs scheme is directly linked only to share price growth, with a three (3) year vesting period.

The direct link to Share price ensures there is simply no payout and hence downside to the Executive if the Share price does not increase over the three (3) year period.

For example, in this FY19 year, for any SARs to result in a payout the share price needs to reach \$2.99.

And finally, to smash two urban myths, as at Oct 2018:

- To date no LTIs (Share Appreciation Rights) scheme in NetComm has ever led to a payout (be it in cash or shares) to any NetComm Executive
- No Non-Executive Director has ever received a payout under a SARs scheme - ever.
- All the shares held by our Directors and Executives have been purchased with their own funds.

## SUMMARY

- Remuneration outcomes are directly linked to actual performance based on the achievement of stretch targets.
- We will continue to listen, monitor and adapt

### Current Snapshot

Fixed Rem increase for FY19	0-2%
STI payout for FY18	56%
LTI (realised) to date	Nil

In summary - Our remuneration outcomes are directly linked to actual performance based on the achievement of well-defined targets.

Our:

- Fixed Remuneration remains modest with no increase to base director fees and 2% for executives in FY19.
- Short Term Incentive (STI) in FY18, a record profit year saw executives receive on average a 56% payout. We are not soft with our STI payouts.
- Long Term Incentive (LTI): no executive has realised any value to date, and no non-Executive Director participates in the LTI scheme.

We believe the remuneration framework is currently fit for purpose. However, this is our commitment to you:

- we will continue to listen to our stakeholders
- continue to monitor its effectiveness
- we will resist remuneration "fads" which might be popular, but not aligned to our philosophy and
- where the current framework is no longer fit for purpose, we will suggest and implement change

Thank you – and it has been my pleasure to serve you as a Director.

I now hand over to Ken Sheridan to provide some details on FY18, our best year ever.





# NetComm

Annual General Meeting 2018



## CHIEF EXECUTIVE OFFICER'S ADDRESS

Annual General Meeting

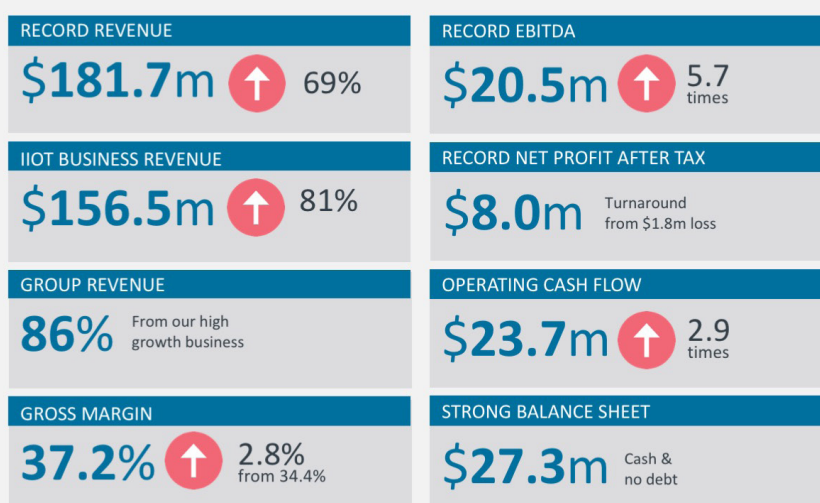
**Ken Sheridan**  
CEO  
2018

Ken Sheridan

Thank you Justin, and good morning everyone.

Financial Year 2018 was a defining year for NetComm, a year in which we delivered record financial results following investments made in Financial Years 2016 and 2017, and made significant strategic progress as we grow our business through innovation.

## FY18 RECORD FINANCIAL RESULTS



27

We are delighted to have achieved a record result in 2018, with revenue increasing by 69% to \$181.7m, as we began to generate revenue from key projects. We are particularly pleased that revenue from our high-growth Telecommunications Infrastructure and Industrial Internet of Things, or Telco Equipment business was up 81% to \$156.5m, and now makes up 86% of Group revenue, up from 80% in FY17.

While NetComm's main focus is on our Telco Equipment business, our "traditional" residential Broadband business grew 18%, generating \$25.1m revenue, as we refocused our product range and put further effort into adapting our solutions to meet the needs of the current market.

The strong growth in revenue resulted in an uplift in EBITDA of more than 5.7 times to \$20.5 million, demonstrating the significant operating leverage in our business as our contracts scale. The growth in EBITDA led to a Net Profit After Tax of \$8.0m, a strong turnaround from a loss of \$1.8m in FY17.

Our business generated \$23.7 million in cash from operating activities, while capital expenditure reduced by \$6.6 million to \$3.6 million, as the heavy lifting of the investments into our design and testing facilities had largely been completed in FY17.

Our Balance Sheet remained strong, with no bank debt and a cash balance of \$27.3 million, up \$5.2 million, even as we invested in our workforce, infrastructure, working capital and product development.

## INCREASING FOCUS ON STAKEHOLDER ENGAGEMENT



Els Baert  
Director – Marketing & Communications



Tony Brown  
Head of Corporate Affairs

We believe it is important that the progress we make is clearly communicated to our stakeholders, including our customers, potential customers and shareholders, in a timely and informative manner. Some of our shareholders have been critical of our comms and we agree that we need to do much better. As a result we have hired a new Director of Marketing and Communications, Els Baert and a new Head of Corporate Affairs, Tony Brown who has an extensive telco communications background, including 4 years with nbn. We are also in the process of hiring a specialist investor relations professional. We are clearly focussed on getting our communications right.

We definitely want to keep investors better informed of key developments when they occur, while being conscious of the need for commercial sensitivity given the nature of the work we are doing with Tier 1 global telecommunications companies. Unfortunately, most of our customers will not allow us to provide details of our contracts until well after they are launched. This provides us with a problem because often we sign the contract 12-18 months in advance.

## STATUS OF SALES PIPELINE

### Current customers

We currently have 3 Tier 1 customer. Two of these customers have committed to next generation products

### New customers

Four field or lab trials in progress with new Tier 1 customers

NETCOMM  
LISTEN. INNOVATE. SOLVE.



#### Deep customer engagement

- Solving customer problems, exactly
- Nimble approach
- Allows more connections
- Enabling narrow and deep strategy

New Products








As a tailored solutions provider, it is important that we are continuing to enhance our relationships with Tier 1 customers and develop relationships with new customers.

I am pleased to say that having invested in our workforce and capabilities in recent years, we have a unique ability to develop highly tailored network connectivity solutions and consequently our sales pipeline has never been stronger. In relation to our current customers, two have committed to next generation products, a testament to the success of earlier releases, while we have four field or lab trials in progress with new customers.

As I will explain shortly, our customer strategy involves building on our recent momentum to substantially expand our customer base.

## ON TRACK TO DELIVER ON OUR 3 YEAR PLAN: 10 CUSTOMERS, NARROW AND DEEP STRATEGY, MULTIPLE PRODUCTS

<b>COMMUNICATE</b> Respected global voice	<b>EXPAND GLOBALLY</b> 3 Continents	<b>CUSTOMERS</b> 10 International Customers	<b>NEXT BIG THING</b> Global leader in 5G FW
<ul style="list-style-type: none"> <li>Timely and informative communication to all stakeholders</li> <li>Worldwide marketing presence</li> <li>Acknowledged for global thought-leadership</li> </ul>	<ul style="list-style-type: none"> <li>Target: USA/Canada, UK/Europe and Australia/New Zealand</li> <li>Sales and engineering presence active for each customer account</li> </ul>	<ul style="list-style-type: none"> <li>Broaden customer base</li> <li>Target: At least 10 x Tier 1 customers by 2022</li> <li>“Narrow and deep”, with multiple products sold to a customer</li> </ul>	<ul style="list-style-type: none"> <li>Early to market with “commercial” Fixed Wireless 5G solutions</li> <li>Recognized as top 5G FWA CPE vendor</li> </ul> 
			
<p><b>Status to Date:</b></p> <ul style="list-style-type: none"> <li>New Director of Marketing and Communications appointed</li> <li>Strategic focus being placed on international marketing and communication</li> </ul>	<p><b>Status to Date:</b></p> <ul style="list-style-type: none"> <li>Active sales in Australia/NZ and USA/Canada and Sales team established in UK</li> <li>R&amp;D centers in Australia and USA</li> </ul>	<p><b>Status to Date:</b></p> <ul style="list-style-type: none"> <li>3 key Tier 1 customers signed up</li> <li>2 existing customers committed to second generation or new products</li> <li>4 field/lab trials with new customers</li> </ul>	<p><b>Status to Date:</b></p> <ul style="list-style-type: none"> <li>Ongoing discussions with multiple Tier 1 operators globally</li> <li>Accelerated investment in R&amp;D</li> <li>Leveraging &gt; 10 years' of experience in fixed wireless</li> </ul>

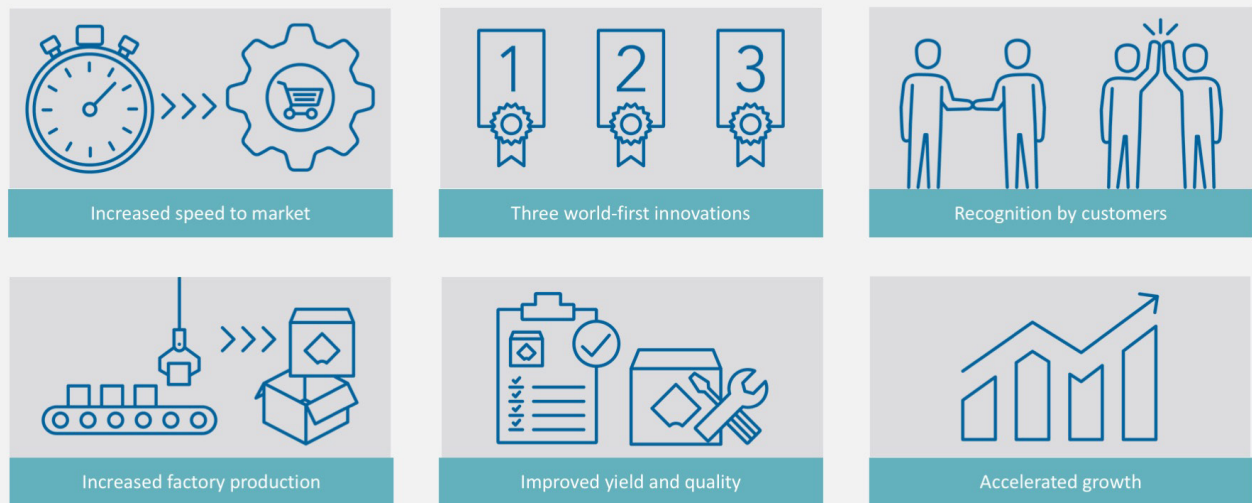
Having strategically transformed our business over the last two financial years, we are in an excellent position to execute on our upcoming three year plan.

One of our goals is to be a respected global voice, with a worldwide marketing presence. In line with our strategic focus on international marketing and communications, I previously mentioned that we have appointed Els Baert as our new Director of Marketing and Communications. Her speciality lies in bridging the gap between technology and marketing with a focus on bringing value to customers. Prior to joining NetComm, Els lead marketing campaigns for the Fixed Networks business of Alcatel-Lucent (now known as Nokia) and supported nbn in becoming successful in their journey to connect everyone in Australia.

We have a strategic goal of expanding globally into our target markets of North America, the UK and Europe, as well as Australia and New Zealand. To date, we have established sales teams in each of these geographies and have an active engineering presence in both the USA and Australia.

Our strategy around customers involves broadening our international customer base, with the goal of having at least ten Tier 1 customers by 2022, up from three currently. We have a “Narrow and Deep approach” with customers, where we work closely with them to establish a relationship of trust that results in multiple products being developed over time. Focusing on a limited number of customers allows us to go deeper with each, and ensures future business as we develop new generations of products and sell additional technology sets to these customers. As we establish a portfolio of projects over time, we will be able to absorb the inevitable slippage of rollouts by a small number of customers in the portfolio.

## IMPORTANCE OF R&D INVESTMENTS



I would now like to give you an overview of our strategy around investing to accelerate growth.

Commencing in FY16, we undertook a period of investment in our people and research and development capabilities that fundamentally transformed our business from an Australian provider of residential telecommunication solutions, to a global telecommunications company recognised by our customers and the industry as one that delivers best-in-class technologies.

The investments we made in our R&D capabilities have provided us with our competitive advantage, as we can develop quality products and bring them to market quickly after undertaking all testing in-house. This provides us with a strong advantage against our competition with better speed and importantly, security.

The investments made have allowed us to bring three “world first” innovations to market over the last 12 months, including the reverse power fed Multi Dwelling Distribution Point Unit, the Network Connection Device and the newly launched 4G Residential Gateway, which has helped us to get the attention of potential customers around the world. Having made critical investments in our capabilities, our technology is being recognised by our customers – we won several awards last year, including the nbn “We Care” award and the CommsDay’ Edison “Highly Commended” award for Best Telecom Core Network Vendor.

In summary, the investments we have made have allowed us to further improve our testing capabilities and increase the level of production from our factories, whilst improving yield and quality metrics, to accelerate growth. We strongly believe that the investments we have made have positioned us to generate a substantial return on investment over the medium term.

## PEOPLE AND CULTURE

*Initiatives implemented to increase employee engagement and diversity*



In order to deliver the best solutions for our customers, it is vital that we can attract and retain the “top 10%” of the engineering talent pool and build our high-performance culture and passion to achieve. During the year we focussed on increasing our levels of employee engagement with a special emphasis on providing our people with learning development opportunities. We also focused on diversity, and are registered as a “relevant employer”, with annual reporting to the Workplace Gender Equality Agency.



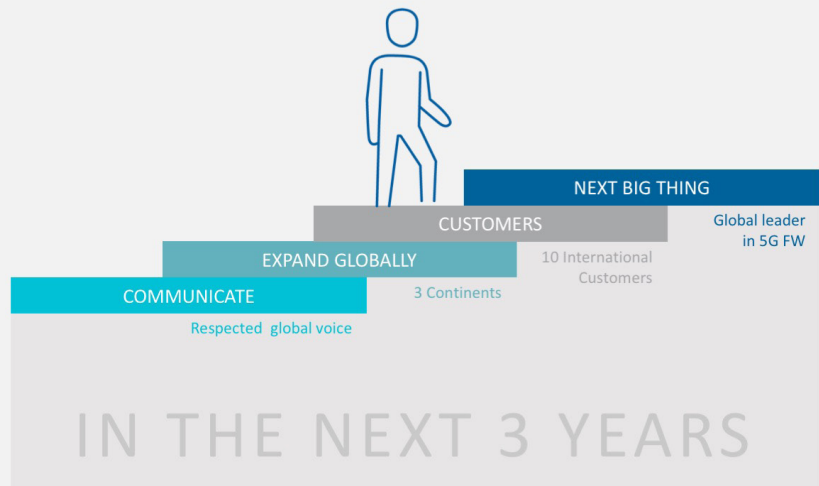
## OUTLOOK

### FY19 guidance reaffirmed

- Revenue expected to be up 15% to 20% on FY18
- FY19 Gross Margin lower reflecting sales mix change and higher component costs
- Underlying EBITDA expected to be similar to FY18
- Accelerated investment in 5G across capex \$5m and opex \$4m totalling \$9m
- Reported EBITDA expected to be between \$15m to \$18m

### Key FY19 operational priorities

- Investing into 5G to underpin accelerated growth in the medium term
- Continued rollout of key contracts
- Progress multiple opportunities with global Tier 1 telcos in pipeline to diversify customer base



I am pleased to reaffirm the guidance we provided for FY19. We are expecting revenue to be up 15 to 20 percent over FY18, while our gross margin will be lower, reflecting the change in sales mix and higher component costs. Underlying EBITDA is expected to be at a similar level to FY18, while reported EBITDA is expected to be between \$15 to \$18 million. In relation to NetComm's future, it is critical for us to stay ahead of the technology curve and we have made developing a 5G roadmap a priority for our business, notably our 5G fixed wireless capabilities. For this reason, we decided to invest \$9 million into 5G-related capex and opex in FY19, which will put us in an excellent position to be early to market with commercial products.

5G is a disruptive technology that has the capability of transmitting very high-speed data and performance of up to 10 Gbps. We see use cases in high density population areas where 5G will allow for different applications to run on the same mobile network and will introduce more bandwidth to serve additional endpoints. Steve Collins our Chief Technology Officer will cover in more detail the exciting developments to occur in the 5G space.

I remain confident that we have a winning strategy in place, and while our business is always subject to the ordering patterns of our customers, we expect our strategy will deliver our next step change in revenue and earnings in FY20, following a year of consolidation.

I would like to thank our leadership team, engineers and all of our staff for their hard work in delivering a record result in FY18. I would also like to thank the Chairman and the Board for their guidance and support, and I would like to recognise the support of our customers and shareholders.

Thank you. I will now hand over to Steve Collins who will give a short presentation on our NetComm Technology Value Drivers.



# NetComm

Annual General Meeting 2018



# CHIEF TECHNOLOGY OFFICER'S ADDRESS

Annual General Meeting

**Steve Collins**  
CTO  
2018

# NetComm Technology Value Drivers



# Device Function



Open Routing



TCO Approach



Tier 1  
Integration



SDN Appliance

# Fit for purpose



Unique Environments



High Reliability



Unique Testing

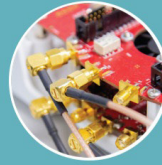


Tier 1 Approvals Bar

# Intellectual Property Protection



Patent Strategy



Function



Form



Design

# 5G

BROADBAND



MISSION  
CRITICAL



MASSIVE  
MACHINE



4G Rural



5G Urban





# NetComm

Annual General Meeting 2018



# FORMAL PROCEEDINGS

Annual General Meeting

**Justin Milne**

CHAIRMAN

2018

## ITEM OF BUSINESS – RECEIPT OF ANNUAL REPORT

The Financial Report, Directors' Report and Auditor's Report are laid before the Annual General Meeting.

*There is no requirement for shareholders to vote on, approve or adopt these reports.*

## SECOND ITEM OF BUSINESS – RESOLUTIONS

### Resolution 1 – Remuneration Report

To consider, and if thought fit, pass the following resolution as an advisory resolution:

***"That the Company's Remuneration Report for the year ended 30 June 2018 be adopted."***

A voting exclusion statement applies to this Resolution 1, and is set out in full in the Explanatory Memorandum to the Notice of Annual General Meeting.

*Note: this resolution is advisory only and does not bind the Company or the Directors. The Directors will consider the outcome of the vote and comments made by shareholders on the Company's Remuneration Report at the meeting when reviewing the Company's remuneration policies.*

## SECOND ITEM OF BUSINESS – RESOLUTIONS

### Resolution 2 – Election of Mr David Stewart as a Director

To consider, and if thought fit, pass the following resolution as an advisory resolution:

***"That, for the purposes of Article 12.12 of the Constitution of the Company, ASX Listing Rule 14.4 and for all other purposes, Mr David Stewart, who retires due to cessation of a casual vacancy and being eligible for election, be elected as a Director of the Company."***

*Note: the Directors, other than Mr David Stewart, unanimously support the election of Mr David Stewart.*

## SECOND ITEM OF BUSINESS – RESOLUTIONS

### Resolution 3 – Election of Ms Jacqueline Korhonen as a Director

To consider, and if thought fit, pass the following resolution as an advisory resolution:

***"That, for the purposes of Article 12.12 of the Constitution of the Company, ASX Listing Rule 14.4 and for all other purposes, Ms Jacqueline Korhonen, who retires due to cessation of a casual vacancy and being eligible for election, be elected as a Director of the Company."***

*Note: the Directors, other than Ms Jacqueline Korhonen, unanimously support the election of Ms Jacqueline Korhonen.*

# Other Business

Questions?





<https://youtu.be/oJ41tqCgQW4>



# NetComm

Annual General Meeting 2018