



14 August 2015

# FY15 Results Presentation

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## TODAY'S AGENDA

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Global opportunities

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Building partnerships in FY15

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Continuing to innovate

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Strong financial performance

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A clear and consistent growth strategy

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FY16 and beyond

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Summary

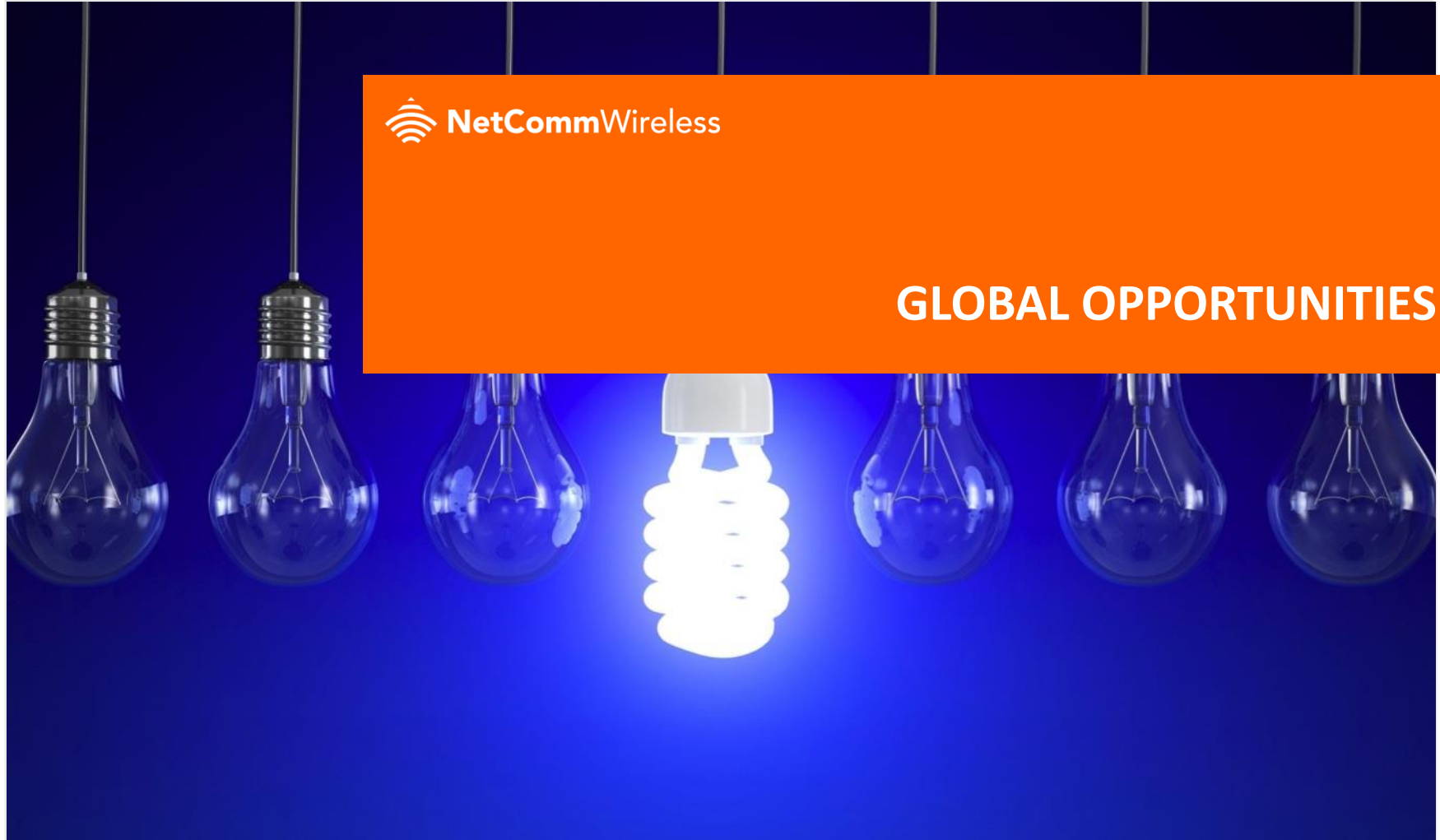
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Q&A

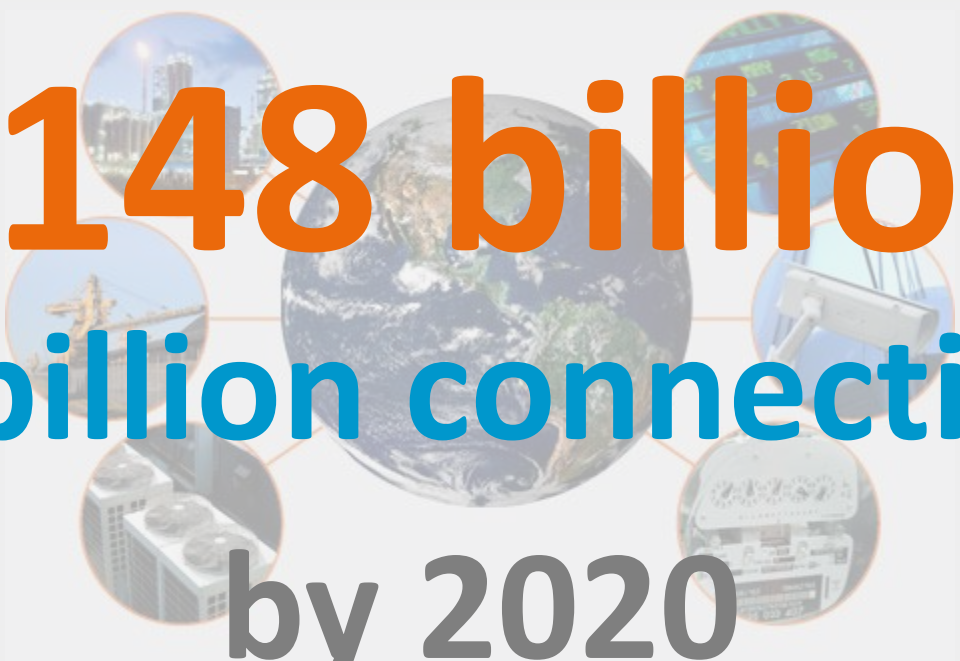
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# GLOBAL OPPORTUNITIES



THE GLOBAL M2M MARKET IS ENORMOUS



**\$148 billion**  
**50 billion connections**  
**by 2020**

*Source: Connections – Ericsson. Market size – NetComm estimates projected at a CAGR of 22% over 7 years.*

RURAL BROADBAND IS A HUGE OPPORTUNITY

A light gray world map is centered in the background of the slide. The text is overlaid on the map.

**\$80 billion**  
worldwide

**BCG**

THE BOSTON CONSULTING GROUP



# BUILDING PARTNERSHIPS IN FY15

## NEW PARTNERSHIPS IN 2H15...



Agreement to market M2M products and services to enterprise customers - provides enterprises with custom M2M solutions across verticals (utilities, healthcare, education, security and smart cities)

## HITACHI

NTC to custom design wireless communication technology for a Smart Community Demonstration Project in Greater Manchester

## ...BUILDING ON AGREEMENTS FORMED IN 1H15



Supply agreement recently signed with Arrow Electronics enhances distribution of NetComm M2M products in North America through our coat-tails strategy



Carrier partnership with Tele2 expands our European presence



## OUR COAT-TAILS STRATEGY IS PAYING OFF

Already have agreements with 5 of the top 20 carriers globally and a number of country specific carrier agreements





**CONTINUING TO INNOVATE**

## NEW PRODUCTS LAUNCHED IN FY15

### Medical Hub (NTC N-HUB)

Designed to meet rising global demand for M2M healthcare solutions, the n-Hub connects diverse Bluetooth and WiFi enabled mHealth devices to the speed and coverage of cellular networks



### Vodafone MachineLink 3G Plus (NWL-12)

Feature rich 3G router for quick and easy global M2M deployments utilising Vodafone's network coverage



## NEW PRODUCTS LAUNCHED IN FY15 - 4G/LTE PRODUCTS

### 4G WiFi M2M Router – world wide use (NTC-140W)

Powerful, feature rich and user friendly 4G router to enable highly complex M2M and industrial IoT deployments



### 4G LTE Light Industrial M2M Router (NWL-25)

4G only router enables high speed M2M deployments and has been specifically designed for the Verizon network








*The four products shown in this section of the presentation are planned to be revenue generative in FY16*



## STRONG FINANCIAL PERFORMANCE

23 OCTOBER  
FROM 6AM TO 1PM

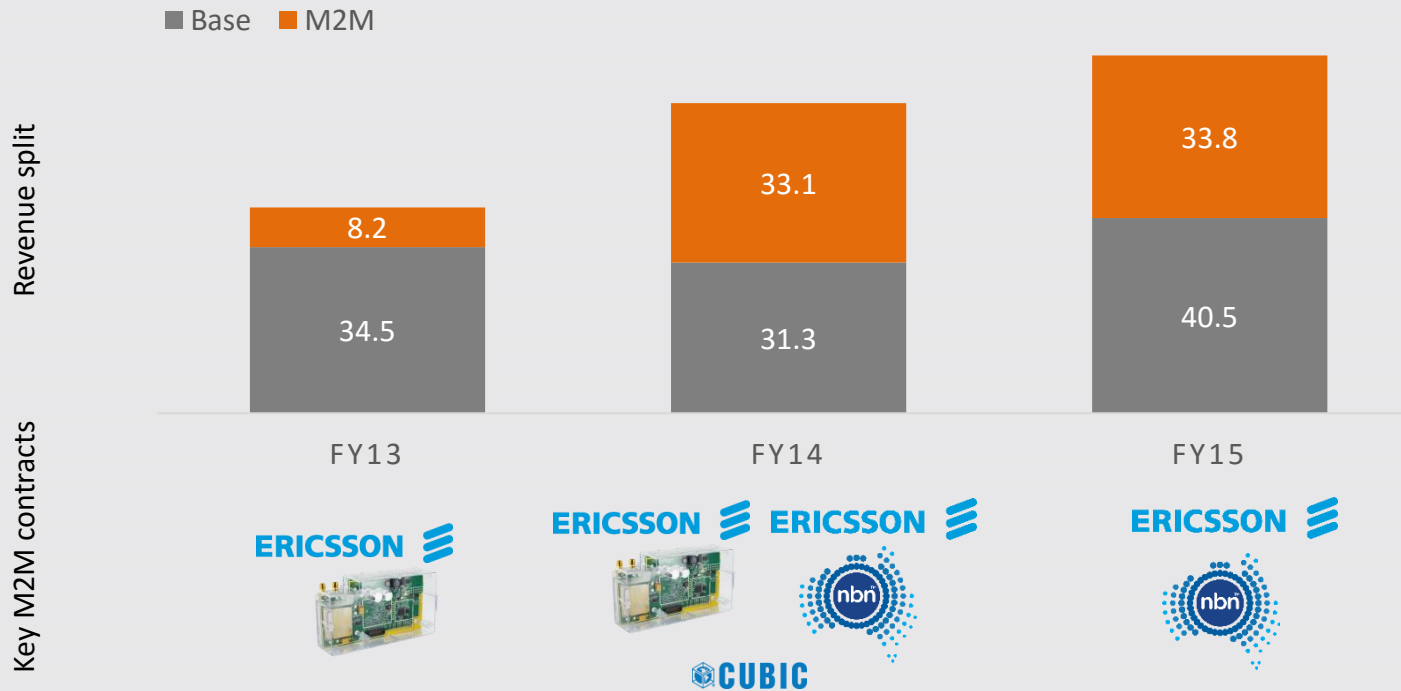
## STRONG EARNINGS GROWTH DRIVEN BY ERICSSON/NBN CONTRACT

Key profit & loss items (\$m)	FY15	FY14	Change
Revenue	74.33	64.59	 15.1%
EBITDA	7.30	5.22	 39.8%
Net profit after tax	2.46	1.02	 141.2%
Earnings per share (cps)	1.91	0.79	 141.8%
EBITDA Margin (%)	9.8%	8.1%	 21%

- Revenue up 15.1% to \$74.33 million (FY14: \$64.59 million)
  - Reflects continued growth in the Ericsson/NBN Rural Broadband project, particularly during 2H15
  - More than offset revenues from the completed Ericsson Smart Metering and Cubic Transportation contracts in FY14
- EBITDA up 39.8% to \$7.30 million (FY14: \$5.22 million)
  - Includes \$1.8 million business reinvestment
  - EBITDA Margin up to 9.8%
- Net profit after tax up 142.0% to \$2.46 million (FY14: \$1.02 million)
  - Earnings per share up 141.8% to 1.91 cps

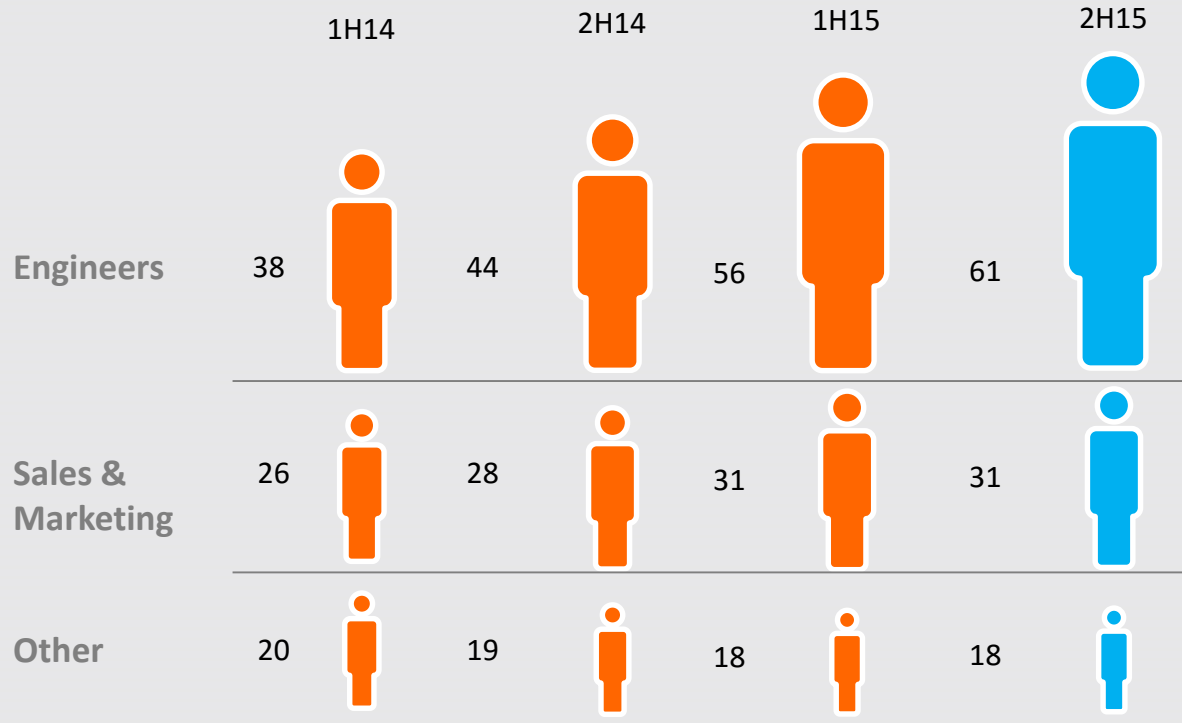
## M2M REVENUE CONTINUES TO BUILD

Revenues from new contracts more than offset previous revenues from successfully completed projects, growing revenue and changing the revenue mix



## INVESTING IN M2M and RBB CAPABILITIES

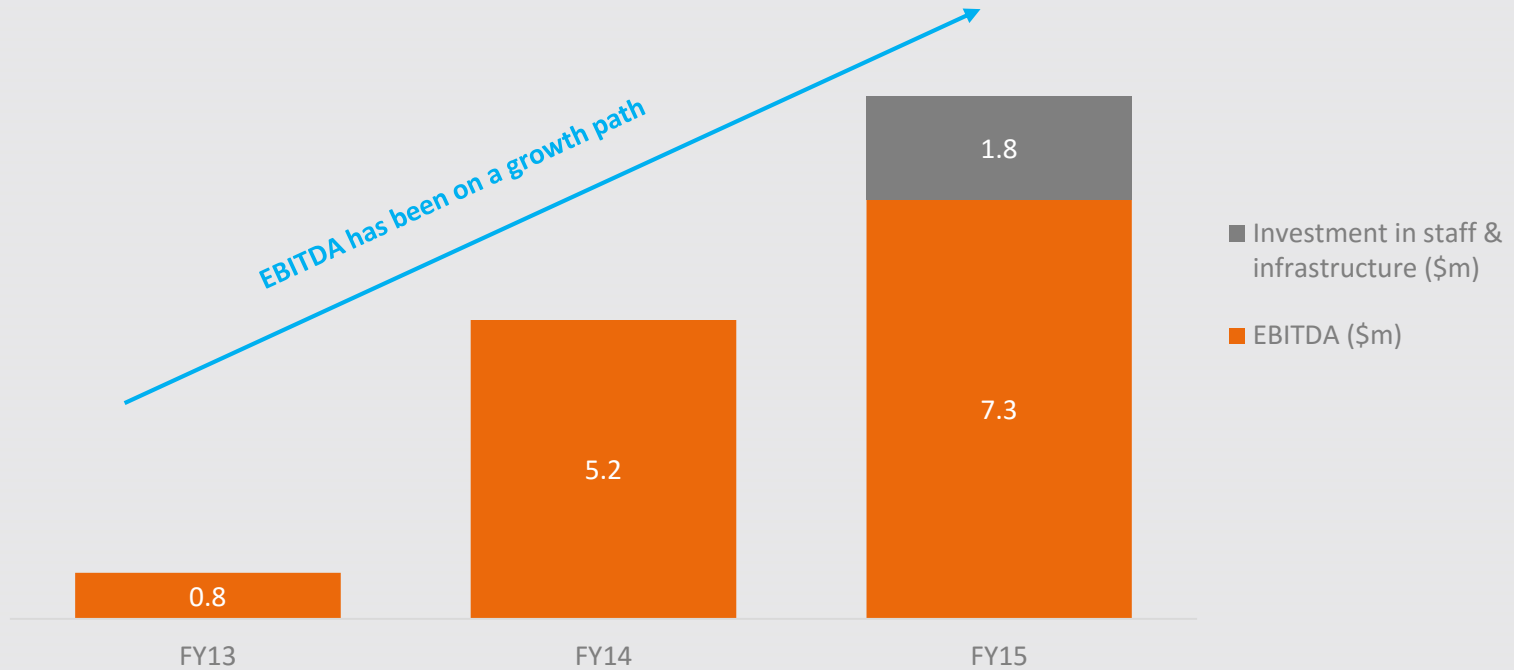
Targeted and selective investment in people, skills and infrastructure in FY15 reflects the increased resources needed to pursue, secure and execute key upcoming contracts and opportunities





## STEADILY INCREASING EARNINGS

EBITDA has consistently increased to \$9.1m before investment in staff, skills and infrastructure in FY15



## CONSERVATIVE BALANCE SHEET TO SUPPORT GROWTH

Key balance sheet items (\$m)	30 Jun 2015	30 Jun 2014	% change
Cash and equivalents	3.40	4.31	-21.1%
Other assets	41.04	33.48	22.6%
<b>Total assets</b>	<b>44.44</b>	<b>37.79</b>	<b>17.6%</b>
Borrowings	3.35	4.76	-29.6%
Other liabilities	16.50	10.84	52.2%
<b>Total liabilities</b>	<b>19.84</b>	<b>15.60</b>	<b>27.2%</b>
<b>Total equity</b>	<b>24.60</b>	<b>22.19</b>	<b>10.9%</b>
Net debt (cash)	(0.05)	0.45	

- Cash down 21.1% to \$3.40 million reflecting repayment of borrowings
- Increase in 'Other assets' predominantly driven by receivables and inventories
- Reduced Borrowings to \$3.35 million
- Balance sheet remains conservative and NetComm is well placed to execute strategy with a net cash position

## STRONG CASH FLOWS FROM OPERATIONS SUPPORT BUSINESS DEVELOPMENT

Key cash flow items (\$m)	FY15	FY14	% change
Net cash flows from operating activities	6.38	5.66	12.7%
Net cash flows from investing activities	(5.51)	(3.86)	na
Net cash flows from financing activities	(1.78)	(1.37)	na
<b>Net (decrease) / increase in cash</b>	(0.91)	0.43	na

- \$6.38 million cash from operating activities
- \$5.51 million cash used for investing activities
  - Predominantly capitalised development costs relating to new products
- \$1.78 million cash used for financing activities
  - Repayment of bank borrowings for working capital



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# A CLEAR AND CONSISTENT GROWTH STRATEGY



## A CONSISTENT OVERARCHING STRATEGY DRIVES NETCOMM WIRELESS' SUCCESS



**Growing our strategic  
partnerships**



**Maintaining our culture  
of innovation**



**Delivering custom  
solutions**

## RURAL BROADBAND



FY15 benefited from a ramp up in the NBN fixed-wireless rollout and we anticipate substantial volume increases in FY16

## NETCOMM WIRELESS HAS THE EXPERTISE IN RURAL BROADBAND

### A “compelling event”: PSTN (copper line) shut down

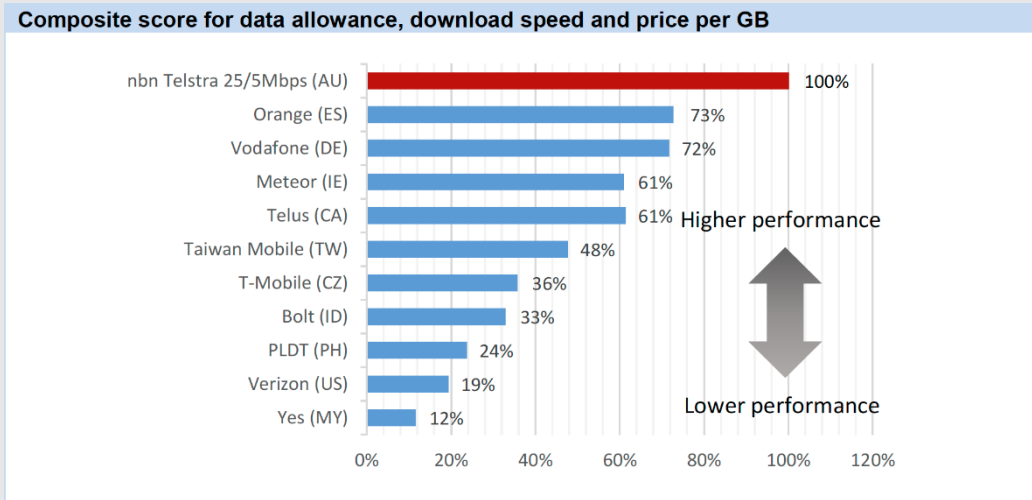
- Carriers around the world have indicated that they are going to shut down the use of copper lines - this impacts fixed line (ADSL) broadband
- The standard replacement is fibre in “built up areas” which cover 90% of customers
- For the remaining 10%, being regional and rural customers, BCG concludes that fixed wireless is the best solution
- Carriers to announce a plan to shut down their copper networks include AT&T and Verizon in the USA

**NTC’s expertise gained in delivering the NBN Rural Broadband solution is being sought after to address the “last 10%”**

## OVUM RESEARCH: NBN RURAL BROADBAND BEST IN WORLD

Ovum's Global Comparison of Fixed Wireless Rural Broadband concluded:

- NBN's fixed wireless product outperforms international peers across a range of metrics.
- The NBN product is technically superior to its peers.
- NBN's fixed wireless products are made available at affordable prices



Source: Ovum Fixed Wireless Broadband: A Global Comparison 10 July 2015



## RURAL BROADBAND OPPORTUNITIES

### Actively pursuing “transformational” Rural Broadband opportunities globally

- Significant focus on USA, including opportunities with three major USA carriers as well as opportunities in Europe.
- These involve “transformational” volumes and leverage off our demonstrated expertise from the NBN contract



## M2M BUSINESS

### Global Opportunities

- We continue to actively pursue M2M contracts globally with particular emphasis on USA, Europe, Middle East, Australia and Japan
- Continue to pursue specific vertical sectors where we see the greatest opportunity, avoiding crowded markets
- Targeting high volume opportunities where customers require a customised device
- Our “coat-tail” partnerships are critical



## M2M: SMART METERING

### Global Opportunities

- We continue to actively pursue smart metering contracts globally. Opportunities exist in Europe, Middle East, Australia and USA

### Ericsson / AusNet Services

- No change as they complete their AMI rectification planning

### Hitachi Project

- We are working with a consortium of high profile global players on a ground breaking trial to demonstrate a practical way to substantially reduce energy usage.



## OUR BROADBAND BUSINESS HAS SIGNIFICANT GROWTH POTENTIAL

### Technology Refresh Opportunities

- With the rollout of NBN, all ADSL devices will be replaced. Over 8.5 million devices
- Great opportunity for NTC's VDSL devices which have been "field proven" in NZ

### FTTDp and CableTTDp for Network Operators

- With the replacement of copper networks with fibre and HFC cable, there is a large opportunity to deploy Fibre To The Distribution Point ("FTTDp") and CableTTDp. 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.
- These are large volume global opportunities.



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**FY16 AND BEYOND**

## PRIORITIES AND OUTLOOK FOR FY16

- Continue to build relationships with Top 20 carriers
- Grow revenues in overseas markets - key focus on USA, Europe, Middle East and Japan
- Deliver new products from Engineering pipeline, with applicability to overseas markets
- Deliver additional revenues from growing Ericsson/NBN fixed wireless demand
- Focus on Rural Broadband sector where NTC has a world leading position and demonstrable expertise

## SUMMARY

- Successfully progressing our strategy
  - Expanding capabilities, enhancing partnerships and launching into key new verticals
- Earnings building with an evolving revenue mix
- M2M opportunity is large and growing
- Well positioned to execute strategy and expand in M2M
  - Overarching strategy in place
  - The appropriate skills and resources have been sourced
  - Strong balance sheet supports execution
- Actively pursuing key partnerships, opportunities in key verticals and the custom solution approach





**QUESTIONS**





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**Thank you**

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