



6 December 2019

Rakon (RAK) Earnings Guidance for year ending 31 March 2020 (FY2020)

Rakon Limited expects to achieve Underlying EBITDA¹ of between NZ\$9 million and NZ\$11 million for the 12 months to 31 March 2020 (excluding the impact of IFRS² 16 Leases). This compares to NZ\$13.3 million reported for the prior year. Compliance with IFRS 16 Leases will improve FY2020 Underlying EBITDA by approximately NZ\$3 million leading to an expected reported result of between NZ\$12 million to NZ\$14 million.

This forecast result is principally due to deferment of expected orders from the Telecommunications market.

Rakon is well positioned as the roll out of 5G gathers momentum. Rakon's products are designed into Tier One customers' 5G solutions and Rakon has secured increased share allocations for calendar year 2020. As customers secure their own contracts to roll out 5G, orders will flow to Rakon.

-Ends-

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¹ **Disclosure of Non-GAAP Financial Information.** Rakon uses 'Underlying EBITDA' as a measure of non-GAAP financial information and it is defined as: 'Earnings before interest, tax, depreciation, amortisation, impairment, employee share schemes, non-controlling interests, adjustments for associates and joint venture's share of interest, tax & depreciation, loss on disposal of assets and other cash and non-cash items.' Underlying EBITDA is a non-GAAP measure that has not been presented in accordance with GAAP. The Directors present Underlying EBITDA as a useful non-GAAP measure to investors, in order to understand the underlying operating performance of the Group and each operating segment, before the adjustment of specific cash and non-cash items and before cash impacts relating to the capital structure and tax position. Underlying EBITDA is considered by the Directors to be the closest measure of how each operating segment within the Group is performing. Management uses the non-GAAP measure of Underlying EBITDA internally, to assess the underlying operating performance of the Group and each operating segment. A detailed reconciliation of Underlying EBITDA to net profit after tax is contained at note B1 c) (Segment information) of the unaudited financial statements for the six months ended 30 September 2019.

² IFRS International Financial Reporting Standard

About Rakon

Rakon is a global high technology company and a world leader in its field. The company designs and manufactures advanced frequency control and timing solutions. Its three core markets are Telecommunications, Global Positioning and Space and Defence. Rakon products are found at the forefront of communications where speed and reliability are paramount. The company's products create extremely accurate electric signals which are used to generate radio waves and synchronise time in the most demanding communication applications. Rakon has three manufacturing plants, and has six research and development centres. Customer support personnel are located in fifteen offices worldwide. Rakon is proud of its New Zealand heritage; it was founded in Auckland in 1967. It is a public company listed on the New Zealand stock exchange, NZX, ticker code RAK.

www.rakon.com