

Rakon Limited

2016 Annual Shareholders' Meeting

rakon



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Bryan
Mogridge



Brent
Robinson

Chairman's Address

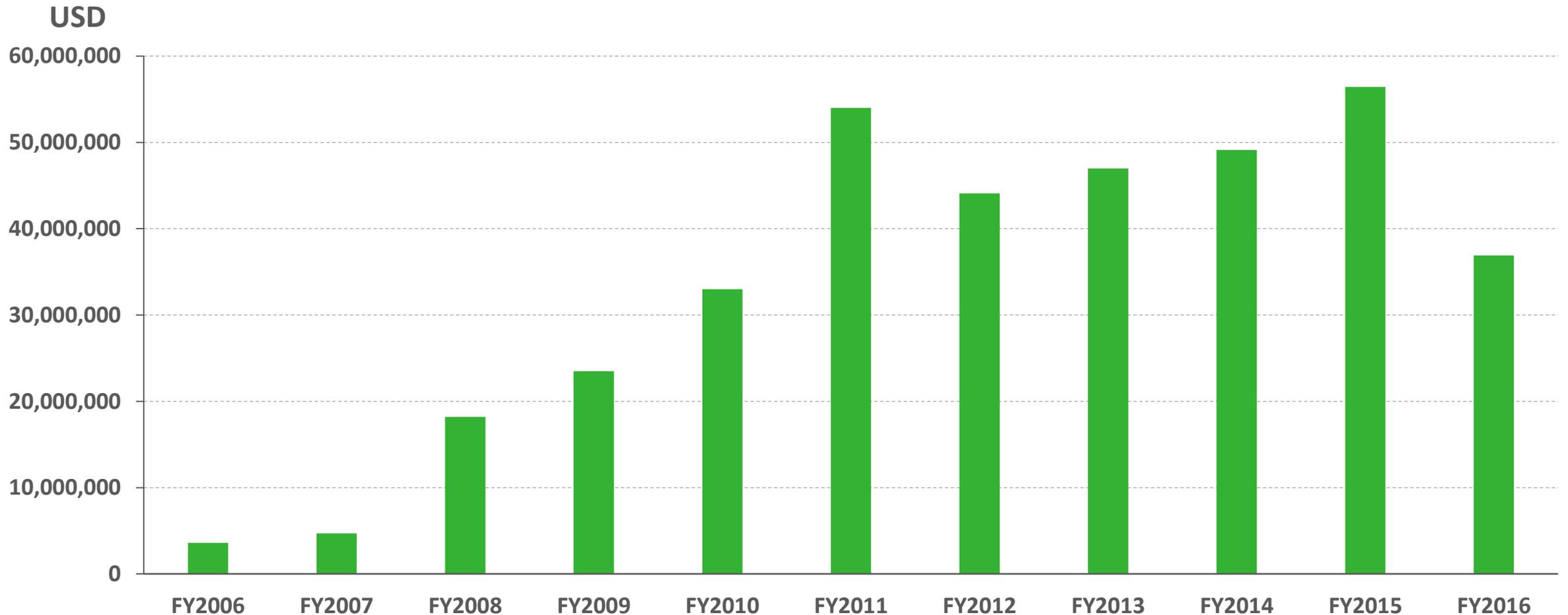
Bryan Mogridge

Managing Director's Address

Brent Robinson

- ◀ Leading edge of technology for 50 years
- ◀ Adapted and anticipated new technology trends
- ◀ Now well positioned in 3 revenue streams
 - Telecoms infrastructure
 - Positioning – driverless cars
 - Space and defence – space being commercialised, defence remains strong

Revenue from Telecommunications Market



Forecasts Dependent on Customers



FY2016

Huge delay in a major network roll-out in Asia

Demand significantly reduced against forecast and prior year



Feb 2016

“Enterprise Network Spend Hits the Brakes...”

“Where customers had the option to wait, they chose to wait a bit”

CEO Chuck Robbins



Alcatel-Lucent 

May 2016

“... net sales fell from €6.1 billion (\$6.9 billion) in the first quarter of 2015 to €5.6 billion in the recent quarter due to lower revenue from core businesses including the networks and ultra-broadband networks”



ERICSSON

July 2016

“Ericsson Plans More Cost Cuts as Revenue Trails Estimates”

“...Ericsson fights for market share and waits for an upturn in spending from coming 5G wireless networks”

- ◀ The sales process is slow and long-term
- ◀ Contraction can occur quickly
- ◀ Customers very market dependent
- ◀ Customer demand subject to changes in global conditions

◀ Space & Defence

- ❑ In the past year we have secured new customers in new markets
- ❑ A broader product range



Images: Adobe Stock

◀ Internet of Things (IoT)

- ❑ Investing in a new wireless IoT network
- ❑ Our investment in Thinxtra opens up new opportunities with new customers
- ❑ Developing products for applications within the network



Images: Adobe Stock

◀ Telecommunications

- ❑ Telecom infrastructure equipment providers remain our single largest market; if their sales are slow, so are ours
- ❑ While we can build market share, we cannot affect total market demand
- ❑ The telecommunications market has a certain future. Demand for connectivity, speed and quality continues to grow: that demand will need to be met
 - Market leading new products



Images: Adobe Stock

◀ Sustainable change that will enhance our business

- ❑ We need to be ready for the future, but we need to operate in the here and now
- ❑ That means balancing the resources for the returns we want to generate
- ❑ We are targeting annual cost savings of 20 percent, and are on track to implement the actions that will deliver that future benefit



Image: Can Stock Photo

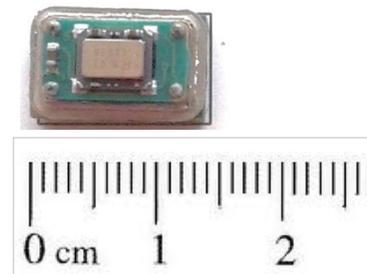
◀ Innovation remains the key to our future success

- ❑ We will continue to invest in R&D which we view as critical to our future
- ❑ Technology leadership alone does not guarantee commercial success, but without it we become part of a commoditised supply chain in which it is difficult to compete
- ❑ We are currently working closely with our customers on finalising a new range of telecommunications products. These use a disruptive technology; new to the market, with significant cost benefits for our customers

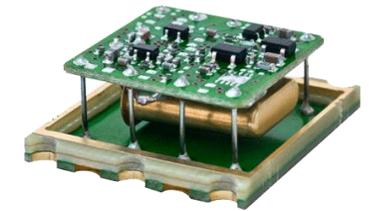
Mercury+™



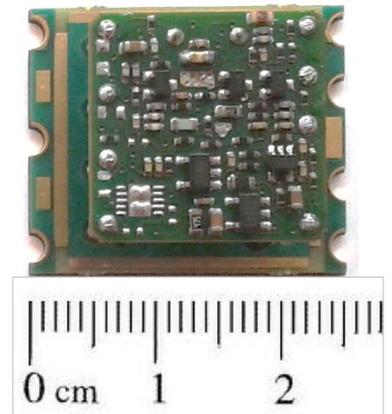
14.5 x 9.6 mm



Conventional
OCXO



25 x 22 mm



◀ The Internet of Things: a significant opportunity for Rakon

- ❑ Investment in the first global, purpose built IoT solution, one that makes the IoT available to a whole new range of industries and consumers
- ❑ Complements our existing business, leveraging our design and manufacturing to supply product into the global SIGFOX network
- ❑ Local network rollout on track: population coverage of 33 percent in Australia and 54 percent in New Zealand achieved within 6 months; on target to reach 85 percent of Australians and New Zealanders within the next year
- ❑ As the network is being built a sales pipeline is developing
- ❑ The first round of capital raising completed successfully; Rakon opted not to invest further, and we currently maintain a 36 percent shareholding in Thinextra (based on all share options being exercised)





A\$5.86



Average investment
AUD \$5.86 per share



A\$8.41



Series-A capital raise
AUD \$8.41 per share

Closing Remarks

- ◀ Rakon has a tradition of innovation and adaptation, and that tradition remains the key to our future success
- ◀ Board and management remain wholeheartedly committed to making this business work – for the benefit of all shareholders

Thank You



Images: Adobe Stock

Business of the Annual Shareholders' Meeting

Resolutions

◀ 1. Annual Report

- ◻ To receive the Annual Report for the period ended 31 March 2016, including the financial statements and Auditor's Report

◀ 2. Re-election of Directors

- In accordance with the constitution of the Company, **Bryan William Mogridge** retires by rotation and being eligible, offers himself for re-election



◀ 3. Re-election of Directors

- In accordance with the constitution of the Company, **Darren Paul Robinson** retires by rotation and being eligible, offers himself for re-election



◀ 4. Auditor

- ❑ To record the reappointment of PricewaterhouseCoopers as the Company's Auditor and to authorise the Directors to fix the Auditor's remuneration

Business of the Annual Shareholders' Meeting

General Business

Thankyou for Your Attendance
Meeting Closed

rakon



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