

MOVE TO M2M MARKET DELIVERS

21 February 2014 (Sydney): NetComm Wireless Limited (ASX: NTC) is pleased to announce its results for the six months ended 31 December 2013 (1H14). NetComm's ongoing transition away from consumer based technologies toward the global Machine to Machine (M2M) market underpinned the company's strong growth over 1H14.

1H14 – growth across all key metrics:

- Revenue up 38.4% to \$30.5 million (1HY13: \$22.0 million)
 - largely attributable to orders generated from the Ericsson smart metering contract. NTC has fulfilled approximately 65% of the number of units required under this contract and expects to deliver the balance in 2H14
- Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) improved to \$2.0 million (1H13: loss of \$0.2 million)
- Net Profit after tax improved to \$161,693 (1H13: loss of \$842,407)
 - 1H14 includes R&D tax credits of \$282,000

Commenting on the result, NetComm's CEO and Managing Director, David Stewart said: "In line with our global growth strategy, M2M sales accounted for an ever growing share of the company's business, and stood at around half of group sales."

"The significant improvement in revenues over the past six months was due to orders generated from NTC's first smart metering contract with Ericsson. NetComm's ability to meet orders under this contract demonstrates our scalable production capacity.

"Pleasingly, in line with the company's global M2M growth strategies, over the past six months NetComm announced M2M agreements with new strategic partners, including Etisalat Group, Vodafone Qatar and SYNEX Corporation. These agreements further strengthen NetComm's position and extends our global reach," added Mr Stewart.

Dividend

Given the rapid growth being experienced by NetComm, the Board remains focused on conserving cash for business reinvestment and hence will not pay a dividend in 1H14. NetComm's dividend policy will be reinstated as soon as it is deemed prudent.

FY14 guidance and outlook

NetComm expects to continue its growth from FY14 and beyond, as it delivers further M2M contracts in line with its strategic plan to grow market share in the rapidly expanding global M2M market.

The company reaffirms its previous FY14 guidance for EBITDA of between \$4.6 and \$5.1 million.

Commenting on the outlook, Mr Stewart said:

“EBITDA is expected to improve further in the second half of this financial year as benefits from the company’s shift toward the global M2M market flow through. In addition to revenue from the Ericsson smart metering contract, NetComm expects growth in the second half to come from early orders from Vodafone Global and additional volume in NBN, Cubic and other M2M contracts. The volumes from these contracts and others in the pipeline are expected to build substantially in FY15 and beyond, with a lag between contract and delivery, spreading some of the benefit to later reporting periods.

“NetComm is in discussions and trials in relation to a number of new M2M and smart metering opportunities in a range of geographies including Australia, US and the Middle East. If these opportunities translate into orders, they will result in additional revenue and earnings growth from FY15.”

Notes:

1. The FY14 forecasts are contingent on no major unforeseen delays by customers in the roll out of contracts. Due to the small number of material contracts, the timing of customer rollouts makes forecasting difficult in an annual cycle and can impact the timing of revenue generation.
2. The FY14 forecasts were prepared following the principals outlined in the 2013-2017 Strategic Plan. It was built from business unit management input and included detailed assessments of sales volumes and pricing per business unit
3. EBITDA is as reported and after capitalisation of development costs.

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About NetComm Wireless

NetComm Wireless Limited (ASX: NTC) is a leading developer of innovative broadband products sold globally to major telecommunications carriers, core network providers and system integrators. For 31 years NetComm has developed a portfolio of world first data communication products, and is a respected global provider of 3G and 4G wireless devices servicing the major telecommunications carrier, Machine-to-Machine (M2M) and Rural Broadband markets. NetComm’s products are designed to meet the growing needs of today’s data-intensive home, business and industrial broadband applications and customized to optimize performance in line with global network advancements. Headquartered in Sydney, Australia, NetComm has offices in New Zealand, North America and the Middle East. For more information about NetComm visit: www.netcommwireless.com