

NETCOMM DELIVERS RECORD REVENUE IN FY17

28 August 2017 (Sydney): NetComm Wireless Limited (ASX: NTC) is pleased to announce its results for the 12 months ended 30 June 2017 (FY17), a period that saw the Company generate record revenues as key projects with nbn begin to scale and AT&T commence, and investments made to underpin growth begin to deliver.

Record revenues support increased investment to drive long term growth¹

- Group revenue up 26.3% to \$107.6 million driven by high growth M2M Business of fixed wireless, Fibre to the Curb (FTTC) and Machine-to-machine (M2M)
 - M2M growth business revenue up 46.9% to \$86.3 million; now 80% of Group revenue (from 67%)
 - Broadband business revenue down 19.4% to \$21.3 million
- Earnings before interest, tax, depreciation and amortisation (EBITDA) down 41.1% to \$3.6 million
 - Includes \$12.6m million of additional investment in people and capability
- Operating loss after income tax of \$1.7 million, down from a prior period profit of \$2.0 million
- Exceptional improvement in operating cash flow, with inflow of \$8.2 million, up from a prior period outflow of \$(2.0) million
- Strong balance sheet, with net cash of \$22.1 million and no debt.

Delivering on what we said we would do

- Signed a contract to supply Distribution Point Units (DPUs) for nbn's Fibre-to-the-curb (FTTC) project and received \$28 million of initial orders for delivery and invoice of product between June and August 2017
- Fixed wireless units are being delivered in the US, as AT&T rolls out to an initial 18 States in CY17
- Invested cash of \$23 million into the business (mainly people and capability related costs as well as capital expenditure) compared to an estimated investment of \$22-23 million as announced to ASX in August 2016
- Established a research and development facility in Sunrise, Florida
- New management team put in place to drive growth – covering engineering, innovation, sales and people & culture
- Further strengthened the Board to enhance depth and experience
- Momentum has continued post 30 June
 - Received additional FTTC DPU orders from nbn covering September and October 2017
 - Demonstrated a reverse powered GFast DPU to BT/Openreach in the UK.

Commenting on the FY17 results, NetComm Wireless CEO & Executive Director Ken Sheridan said:

“We are pleased to have delivered record revenues that have supported the critical investment needed to be made in FY17 to support NetComm Wireless’ long term growth plans. Our strategic approach to ‘Listen. Innovate. Solve’, whereby we produce bespoke products to the exact needs of our customers, underpinned a strong increase in M2M growth business revenues, up 46.9% to \$86.3 million over the past 12 months.

“NetComm Wireless’ contracts with global Tier 1 telco customers, including the nbn in Australia and AT&T in the US, puts the Company in a strong position to continue its growth trajectory. Over the past 12

¹ Comparisons relate to FY17 vs FY16

months we added the nbn FTTC contract to our Ericsson/nbn fixed wireless broadband contract and commenced deliveries of FTTC/DPU units. In addition, we started supplying fixed wireless units to AT&T as it commenced the rollout to rural areas.”

Revenues from the Company’s base broadband business declined by 19.4% to \$21.3 million, primarily due to a slowdown in sales of powerline devices to a key Australian customer. However, the broadband business in New Zealand experienced steady growth.

Notwithstanding the investments made over FY17, the Company finished the financial year in a strong position to support its global growth initiatives, with \$22.1 million cash at bank and no debt. Further supporting the global growth initiatives, NetComm Wireless has in place bank facilities totalling \$17 million.

Investing to underpin future global growth opportunities

The Board remains of the belief that reinvesting back into the business is the best use of cash given the global growth opportunities available. Accordingly, the Board has decided that it will not pay a dividend in FY17. NetComm Wireless’ dividend policy will be reinstated as soon as it is deemed prudent.

Strong growth expected in FY18, accelerating in 2H18

NetComm Wireless expects to deliver strong revenue growth into FY18 as the Company’s business continues to scale. Commenting on NetComm Wireless’ positive outlook, Mr Sheridan said:

“We expect to see further growth in revenues in FY18 as key projects continue to scale with growing orders expected to be received in relation to nbn FTTC and AT&T Fixed Wireless. At the same time, expenses as a percentage of revenue are expected to decline as the substantial business investment phase has been mostly undertaken in FY17.

“While FY17 delivered record revenues, FY18 is expected to deliver record revenues and earnings. Revenue and volumes from the Company’s nbn FTTC and AT&T Fixed Wireless contracts are expected to accelerate and the benefits from the business investment program will begin to materialise as planned.”

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About NetComm Wireless

NetComm Wireless Limited (ASX: NTC) is a leading developer of Fixed Wireless broadband, wireless M2M/Industrial IoT and Fibre and Cable to the distribution point (FTTdp / CTTdp) technologies that underpin an increasingly connected world. Our Listen. Innovate. Solve. methodology supports the unique requirements of leading telecommunications carriers, core network providers, system integrators, government and enterprise customers worldwide.

For over 35 years, NetComm Wireless has engineered new generations of world first data communication products and is now a globally recognised communications technology innovator. Headquartered in Sydney (Australia), NetComm Wireless has offices in the US, Europe/UK, New Zealand and Japan.

For more information visit: www.netcommwireless.com