

GROWTH STRATEGY DELIVERS RECORD HALF YEAR REVENUE

22 February 2019 (Sydney): NetComm Wireless Limited (ASX: NTC) is pleased to announce its results for the 6 months ended 31 December 2018 (1H19), a year that saw the Company deliver record half-year revenue as it executes its global growth strategy.

Key metrics¹:

- Group revenue up 6.5% on 1H18 to \$94.3 million (FY19 Revenue guidance of 15-20% growth reaffirmed)
- EBITDA of \$8.3 million, compared to \$9.2million in 1H18 (FY19 EBITDA Guidance of \$15-18 million reaffirmed)
- NPAT \$2.3 million, compared to \$3.7 million in 1H18
- Operating cashflow of \$1.9 million, compared to outflow of \$0.4 million in 1H18
- Strong balance sheet, with no debt and cash of \$17.4 million.

Commenting on the Company's 1H19 performance, NetComm Chairman Justin Milne said: "We are pleased to have delivered record revenue in 1H19 underpinned by strong Fixed Wireless and Network Connection Device (NCD) orders, while strategic investments made in 5G position us extremely well with regards to this exciting technology."

Group revenue was up 6.5% to a record \$94.3 million as the Company continued to roll out contracts to domestic and global customers. Telecommunication Infrastructure Equipment and Industrial Internet of Things (IIoT)² revenue was up 11% to \$83.6 million and now represents 89% of Group revenue.

"The growth in revenue achieved over the half was largely attributable to the scaling of Network Connection Device (NCD) orders from nbn and sales of Fixed Wireless devices to multiple telecommunications carriers around the world. The decline in EBITDA reflects the change in our sales mix, with NCD sales having a lower margin than Distribution Point Units, as well as higher operating expenses in part related to developing our 5G capabilities which will underpin the next phase of our growth. Our balance sheet remains strong, with \$17.4 million in cash, no debt and \$30 million in unutilised committed banking facilities to provide flexibility," added Mr Milne.

Major contracts underpinned growth

Commenting on NetComm's operational performance, CEO Steve Collins said: "Over the past six months we have continued to execute on our growth strategy, rolling out major contracts, signing an important contract to supply High Port Count Gfast Distribution Point Units (DPUs) and progressing multiple major projects with current and prospective telco clients.

"We were pleased to have received an acceleration in orders for NCD devices, driven by outstanding consumer satisfaction with our Fibre-to-the-Curb broadband technology. We continued to deliver Fixed Wireless devices to Ericsson for the nbn Project and we were encouraged by an acceleration in orders to telco customers in the USA and Canada for Fixed Wireless rural broadband initiatives.

² Includes all businesses outside of the ANZ Consumer Broadband business

“We signed an agreement with nbn to supply Gfast High Port Count DPUs. High Port Count DPUs bring significant benefits to the nbn rollout, as they enable the extension of the FTTC network to higher density locations where bundled copper lines are prevalent. We expect initial deliveries to occur in the later part of calendar year 2019.”

5G investments to accelerate growth

Commenting on NetComm’s planned 5G investments, Mr Collins said: “We commenced our investments in 5G technology in line with our growth strategy to position NetComm for a “once in a decade” technology wave. We are very experienced with Fixed Wireless technologies and excited by the opportunities 5G brings to NetComm. We plan to be early to market with a commercial fixed wireless 5G solution for use in large global markets.”

Outlook

NetComm expects the remainder FY19 to be a year of consolidation to ensure a sustainable platform is in place to drive the next step change in growth. The Company reaffirms the FY19 guidance provided with the FY18 result, namely that revenue is forecast to grow 15-20%, reported EBITDA to be in the range of \$15 million to \$18 million. The Company now expects earnings to be fairly evenly balanced across the first and second half of FY19, based on expectations around customer order patterns.

Commenting on the outlook Mr Collins said: “We are encouraged by the ramp up in orders received from international customers for Fixed Wireless devices and expect that NCD sales to nbn will remain strong in the second half of FY19. The combination of our current contracts and multiple global 4G /5G Fixed Wireless and DPU opportunities will flow through to strong revenue and earnings in future periods.”

-ENDS-

INVESTOR ENQUIRIES

Chris Last

Chief Financial Officer

NetComm Wireless

P: +61 424 297 301

E: chris.last@netcommwireless.com

Ronn Bechler

Managing Director

Market Eye

P: +61 400 009 774

E: ronn.bechler@marketeye.com.au

MEDIA ENQUIRIES

Tristan Everett

Director

Market Eye

P: +61 403 789 096

E: tristan.everett@marketeye.com.au

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, Canada, Europe/UK, and New Zealand.

For more information visit: www.netcommwireless.com