

NETCOMM REPORTS ANOTHER YEAR OF STRONG GROWTH

29 August 2016 (Sydney): NetComm Wireless Limited (ASX: NTC) is pleased to announce its results for the 12 months ended 30 June 2016 (FY16), a period that saw the Company again deliver strong revenue growth from its M2M and Fixed Wireless division, while increasing business reinvestment to underpin future global growth.

Over FY16 NetComm Wireless continued to deliver on its strategic plan to pursue global M2M and Fixed Wireless opportunities. The Company progressed the roll-out of the Ericsson/nbn™ contract, was awarded a major US Fixed Wireless contract, and recently signed an agreement with Nokia.

Having successfully raised \$51 million (\$49.0 million net of capital raising costs) to fund investment in people and infrastructure to support global growth opportunities, NetComm Wireless is well positioned to continue its growth trajectory.

FY16 highlights (vs FY15)

- Revenue from M2M and Fixed Wireless up 74% to \$58.7 million
- Group revenue up 15% to \$85.3 million
- Reported Earnings before interest, tax, depreciation and amortisation (EBITDA) down to \$6.2 million
 - Includes \$4.3 million of business reinvestment and \$0.7 million of non-cash share based payments expense
- Underlying EBITDA up 23.4% to \$11.2 million
 - Growing underlying earnings are supporting increased business reinvestment
- Strong balance sheet with net cash of \$36.5 million

Commenting on the FY16 result, NetComm Wireless' CEO Mr David Stewart said:

“We are pleased to have delivered another record result with top line growth funding increased business reinvestment. We have continued to successfully execute our global growth strategy with M2M and Fixed Wireless revenues up 74% over the past 12 months. With a number of attractive global opportunities, our growth is enabling further reinvestment back into the business to grow long term shareholder value.

“NetComm Wireless' strong performance in FY16 reflected the continued ramp up of the Ericsson/nbn™ contract rollout, which gained pace and is expected to experience a continued volume increase in FY17. Our M2M and Fixed Wireless business now accounts for the majority of our revenue, making up close to 70% of Group sales in FY16, up from 45% in FY15.”

While revenues from the Company's 'base' broadband business declined by \$14.1 million to \$26.4 million, this was solely due to FY15 benefiting from a one-off revenue increase from powerline and ADSL/VDSL products. The Company expects this base business to continue to deliver around \$30 million of annual revenue going forward.

Mr Stewart added: “Our strong underlying EBITDA growth of 23.4% clearly showed the scalability of our earnings as volumes increase. These additional earnings are being reinvested into the business in the short term to ensure that we are well placed to support the long term global growth opportunities available to us.”

“FY16 was another milestone year for NetComm Wireless, signing a Master Purchase Agreement with one of the two largest US based telecommunications carriers for a Fixed Wireless solution. This agreement is a direct result of the success we have had with Ericsson in delivering a similar service to Australia’s nbn™, the only in-field, at scale, Fixed Wireless solution globally.

“The recent signing of a Frame Purchase Agreement with Nokia in July 2016 for the supply of Fixed Wireless devices for their global suburban and rural broadband internet initiative, called “FastMile”, further highlights our strong global position in this large and growing market,” said Mr Stewart.

NetComm Wireless successfully raised \$50 million in a heavily oversubscribed placement to institutional investors as well as \$1 million from a Share Purchase Plan, during April and May to fund global growth initiatives and repay borrowings. The Company had a net cash position of \$36.5 million at 30 June 2016, and a conservative balance sheet to support its global growth initiatives. In addition, the Company had in place an undrawn \$16 million debt facility providing further funding flexibility to pursue growth opportunities.

Reinvestment for future growth

Given the substantial global growth opportunities available in the M2M and Fixed Wireless market, the Board believes that reinvesting back into the business is the best use of cash and accordingly has decided that it will not pay a dividend in FY16. NetComm Wireless’ dividend policy will be reinstated as soon as it is deemed prudent.

Growth expected to continue in FY17

NetComm Wireless expects its strong growth trajectory to continue in FY17 as the Company’s business continues to scale. Commenting on NetComm Wireless’ outlook, Mr Stewart said:

“Having laid strong foundations for growth, and given the scalable nature of our business, we are excited by the long term outlook for NetComm Wireless. We expect to see continued strong growth in revenues in FY17, with substantial investment into the business to underpin a number of potential global growth opportunities.

“We are projecting an additional \$22 million to \$23 million planned investment into our business for FY17, of which \$17 million to \$18 million relates to investment in people and infrastructure [before any capitalisation of engineering costs] and \$5 million in capital expenditure.

“Given the nature of our contracts, there is a lag between contract wins and the ramping up of solution rollouts, which spreads the benefits from new contracts over future financial years. Accordingly, our reinvestment back into the business will see us grow revenue and earnings substantially across future periods.

“FY17 is shaping up to be another exciting year for NetComm Wireless. Volumes from the Ericsson/nbn™ contract are expected to accelerate, our M2M business has very good planned growth, and we will begin to receive some small revenues from the USA Fixed Wireless contract.

“Furthermore, having a number of established partnerships with leading telecommunications carriers, we are uniquely placed to take advantage of additional attractive growth opportunities in the M2M and Fixed Wireless space, to create long term shareholder value.”

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INVESTOR ENQUIRIES

Ken Sheridan
CFO and Executive Director
NetComm Wireless
P: +61 2 9424 2070
E: ken.sheridan@netcommwireless.com

MEDIA ENQUIRIES

Georgie Morell
Director Media & Communications
Market Eye
P: +61 438 008 383
E: georgie.morell@marketeye.com.au

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 33 years NetComm Wireless 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 Wireless' products are designed to meet the growing needs of today's data-intensive home, business and industrial broadband applications, and customised to optimise performance in line with global network advancements. Headquartered in Sydney, Australia, NetComm Wireless has offices in New Zealand, North America, Japan, Europe and the Middle East.

For more information visit: www.netcommwireless.com