

NETCOMM WIRELESS CONTINUES TO SUCCESSFULLY EXPAND GROWTH BUSINESSES

24 February 2017 (Sydney): NetComm Wireless Limited (ASX: NTC) is pleased to announce its results for the six months ended 31 December 2016 (1H17), that saw the Company continue to evolve the composition of its revenue base to its “Growth Businesses” of M2M, Fixed Wireless and Distribution Point Units (DPUs).

1H17 financial overview (vs 1H16)

- Group operating revenue up 1.2% to \$47.0 million
 - M2M & Fixed Wireless revenue up 16.4% to \$36.3 million (77% of Group revenue, up from 67%)
- Reported NPAT loss of \$1.7 million
- Reported EBITDA profit of \$0.7 million
- EBITDA adjusted for cumulative growth investments¹ up 40.5% to \$12.5 million
- Strong balance sheet with net cash of \$29.8 million
- Strong growth in operating cash flow, up \$10.4 million to \$6.1 million inflow.

Majority of revenue comes from large telecommunications and M2M contracts globally

Commenting on the Company’s performance, NetComm Wireless CEO & Executive Director Ken Sheridan said: “The past six months saw clear evidence of NetComm Wireless’ transition to a company that derives its revenue from large telecommunications and M2M contracts globally.”

“With substantial global growth opportunities available in our key markets, we are investing our growing revenues and underlying earnings to support long-term initiatives within our Growth Businesses. We have added 45 engineers to now have 125 based in Australia and the US employing our “Listen. Innovate. Solve.” approach to develop bespoke telecommunications technology solutions.

“NetComm Wireless signed a Frame Purchase Agreement with Nokia in July last year for the supply of fixed wireless devices globally. As a result of this agreement, we are currently in discussions covering over 10 active Fixed Wireless trials around the world. Separately, NetComm Wireless is developing technology for ‘Bespoke’ M2M solutions focused on the elevator and vending verticals and we are aiming to secure two major customers in the second-half.

“We passed a key technical milestone for our US fixed wireless contract in August last year. Initial orders have been received as part of eco-system testing, with first units to be delivered from May to August 2017. The US telecommunications carrier we are working with has announced that it has received US Federal Government funding to ensure 400,000 rural premises are available for service before the end of this calendar year. Revenue from this contract is expected to continue to ramp up in FY18 as the US telecommunication company rolls out its fixed wireless solution.

“The award in November 2016 of a major contract to supply DPUs for nbn’s Fibre-to-the-Curb (FTTC) Project was a clear sign of NetComm Wireless’ global telecommunications technology leadership. The initial order commitment received this month will generate approximately \$28 million in revenue upon delivery to nbn which we expect to occur during June to August. We expect to quickly move to a monthly supply of DPUs in FY18 as the nbn ramps up its installation of this new technology. This contract is the

¹ Excludes investment within operating expenditure relating to additional staff and infrastructure to support long term growth initiatives and share based expenses since 1H FY2015.

third project NetComm Wireless has won, and continues our 100% success rate in terms of global Growth Businesses' project wins," added Mr Sheridan.

Investing in Growth Businesses and generating strong operating cash flows

Revenue from Growth Businesses increased 16.4% to \$36.3 million, reflecting the continued roll-out of the Ericsson/nbn contract and growing M2M project revenues. This division now accounts for 77% of Group revenues.

Reported EBITDA of \$0.7 million reflected the significant investment into the Company's Growth Businesses. In terms of the underlying performance of the Group, EBITDA adjusted for cumulative growth investments was up 40.5% to \$12.5 million, reflecting the growing proportion of revenue from the Company's high growth higher-margin Growth Businesses.

The business performance over 1H17 was supported by strong cash generation, with cash flow from operations up \$10.4 million to an inflow of \$6.1 million.

Well positioned to continue growth trajectory

Commenting on NetComm Wireless' growth outlook, Mr Sheridan said:

"The nbn FTTC contract win was a major milestone for our company, building on our existing business relationship with nbn. Material revenues are expected to commence from this contract between June to August this year. We will continue to benefit from the roll out of the Ericsson/nbn project over the second half of the year and will see some small revenues emerging from the US Fixed Wireless contract ramp up.

"Over the past six months, we have invested in engineering expertise and infrastructure to position the Company for its next growth phase. Our plan is to continue this investment over the second half. As there is a lag between contract wins and the ramping up of solution rollouts, we expect the focused reinvestment back into the business to grow revenue and earnings substantially across future periods.

"The combination of these contracts, in addition to multiple global M2M opportunities and the continued rollout of the Ericsson/nbn Fixed Wireless solution will flow through to strong revenue and earnings growth from FY18 and onwards."

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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