

## **M2M CONTINUES TO DRIVE GROWTH OF NETCOMM WIRELESS**

**23 February 2015 (Sydney):** NetComm Wireless Limited (ASX: NTC) is pleased to announce its results for the six months ended 31 December 2014 (1H15). The past six months saw NetComm continue its transition into a global Machine to Machine (M2M) company and continue to grow earnings.

Commenting on the 1H15 results, NetComm Managing Director & CEO David Stewart said: “The company’s operating achievements and financial results for the first six months of the 2015 financial year reflect the continued evolution of NetComm into a leading M2M company. With a number of attractive strategic relationships and new business opportunities globally, NetComm has made further investments in people, skills and infrastructure to put the company in a strong position for its next phase of growth.”

### **1H15 – continued growth across all key metrics:**

- Revenue marginally higher at \$30.52 million (1H14: \$30.47 million)
  - substantial increase in Ericsson NBN contract revenue largely offset previous period revenues from the Ericsson AusNet Services contract
- Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) up 16.3% to \$2.29 million (1H14: \$1.97 million)
  - after business reinvestment of \$1.2 million
- Net Profit After Tax up 124.5% to \$363,003 (1H14: \$161,693)
- Balance sheet remains strong.

Commenting further on the 1H15 operational and financial highlights, Mr Stewart said:

“While revenue was marginally higher, the mix of revenue continues to evolve. M2M sales accounted for 44% of total sales in the first half, as our M2M revenue mix develops. The Ericsson AusNet Services smart metering contract was substantially completed last financial year and these revenues were largely replaced by the Ericsson NBN contract during the first half. Additionally, revenue from NetComm’s base business came in slightly higher than in the previous year.

“Earnings before interest, tax, depreciation and amortisation was up 16.3%, even after business reinvestment of \$1.2 million. This investment in people and infrastructure is key to ensuring that the company is strongly positioned for its next phase of growth given the attractive global M2M opportunities available.

“In addition to the company’s strong financial performance, we did not slow down from an operational perspective in the first half. NetComm signed an M2M distribution agreement with Arrow Electronics in North America and also established a contract with Tele2, a regional European carrier.”

### **Dividend**

Given the significant growth opportunities available to NetComm, the Board remains focused on conserving cash for business reinvestment and hence will not pay a dividend in 1H15. NetComm’s dividend policy will be reinstated as soon as it is deemed prudent.

## **FY15 outlook**

Given the strong foundations put in place over FY14 and 1H15, NetComm expects to continue its growth in 2H15 and beyond, as the company delivers further M2M contracts in line with its strategic plan to grow market share in the rapidly expanding global M2M market.

The company expects full year FY15 EBITDA to be in excess of the \$5.2 million generated in FY14.

Commenting on the outlook, Mr Stewart said:

“Earnings are expected to improve further in the second half of this financial year. As a result, the company expects that over the 2015 financial year, EBITDA will exceed the \$5.2 million generated in the 2014 financial year. Importantly, we expect to achieve this level of earnings after increasing investment back into the business by approximately \$1.6 million as we further enhance our global workforce and infrastructure to ensure NetComm is strongly positioned for its planned growth in future years.

“Growth in the second half of this financial year is expected to come from additional volume from the Ericsson NBN and other M2M contracts, as well as the Australian and NZ Broadband business. The volumes from these contracts and others in the pipeline are expected to build substantially in FY16.

“We are continuing discussions and trials in relation to a number of M2M and rural broadband opportunities in a range of overseas geographies. If these opportunities translate into orders, they will result in additional revenue and earnings growth, with a lag between contract and delivery, spreading some of the benefit to later reporting periods.

“NetComm is in a unique position with multiple attractive growth opportunities available globally in an industry experiencing substantial underlying growth. In addition, the company has strategic relationships with some of the world’s leading telecommunications companies and service providers. When you add to this NetComm’s exceptional team of people and technologies, we believe the company is in a strong position to grow shareholder value.”

### Notes:

1. The FY15 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. 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 32 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 customised to optimise performance in line with global network advancements. Headquartered in Sydney, Australia, NetComm has offices in New Zealand, North America, Japan, Europe and the Middle East. For more information about NetComm visit: [www.netcommwireless.com](http://www.netcommwireless.com)