



March 2014

# INVESTOR ROADSHOW

David Stewart – CEO and Managing Director  
Ken Sheridan – CFO and Executive Director

# Delivering as Forecast

---

Strategy and Execution

---

1H14 – Growth Across all Key Metrics

---

Revenue Mix Reflects Successful Transition Towards the M2M Market

---

Smart Metering Contract Delivered Significant Improvement in Revenues

---

Ericsson/NBN: Pace of rollout gaining momentum

---

Carrier Partnerships Growing

---

Investing for Growth

---

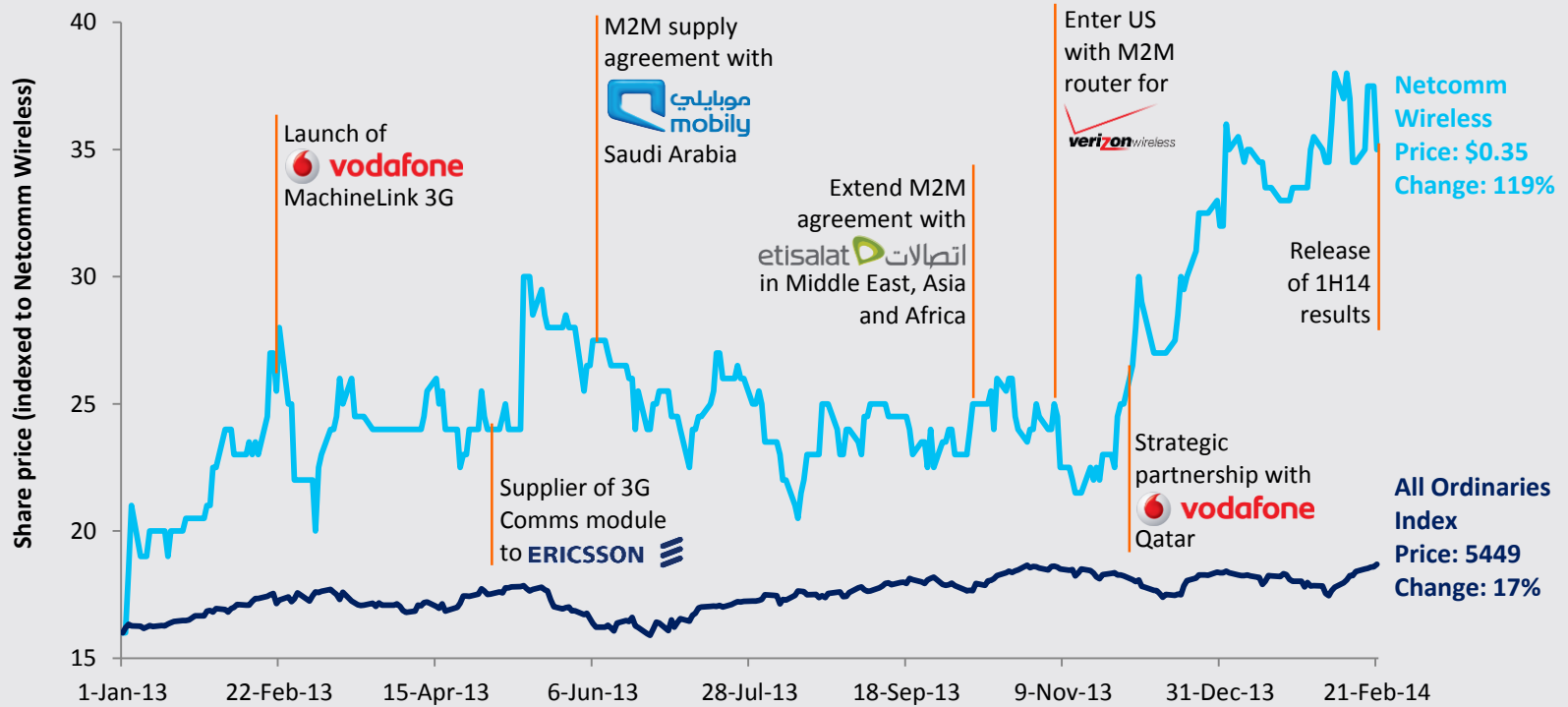
FY14 Full Year Guidance Reaffirmed

---

## 1H14: Strategy and Execution

- **Transition away from consumer based technologies toward the global M2M market**
  - ✓ Strong growth in financial results underpinned by growing M2M revenue contribution (nearly half of total 1H14 revenues)
- **Partner with large, well established M2M players via NTC's "coat tails" strategy**
  - ✓ Supply agreements with several new strategic partners, including SYNEX / Verizon Wireless, Etisalat Group and Vodafone Qatar
- **Deliver solutions for high volume global opportunities**
  - ✓ 1H14 delivery on orders generated from NTC's first smart metering contract with Ericsson
- **Invest appropriately in product development and sales to fund growth**
  - ✓ \$1.8m investment in product development during 1H14
  - Planned for 2H14: increased investment into sales and engineering resources

# Strategy Execution and Price Performance



Source: IRESS as at 21-February-14.

## 1H14 – Growth Across all Key Metrics

**NetComm's ongoing transition away from consumer based technologies toward the global M2M market underpinned strong growth in 1H14**

- **Revenue up 38.4% to \$30.5 million** (1HY13: \$22.0 million)
  - largely attributable to orders generated from the Ericsson smart metering contract. NTC has fulfilled approximately 65% of the number of units required under this contract and expects to deliver the balance in 2H14
- **Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) improved to \$2.0 million** (1H13: loss of \$0.2 million)
- **Net Profit after tax improved to \$161,693** (1H13: loss of \$842,407)
  - 1H14 includes R&D tax credits of \$282,000

## Business overview

**The business is comprised of two segments. The future growth of the company is focussed on the M2M segment.**

### TRADITIONAL BUSINESS

The Traditional business is restricted to Australia and New Zealand and encompasses sales of primarily:

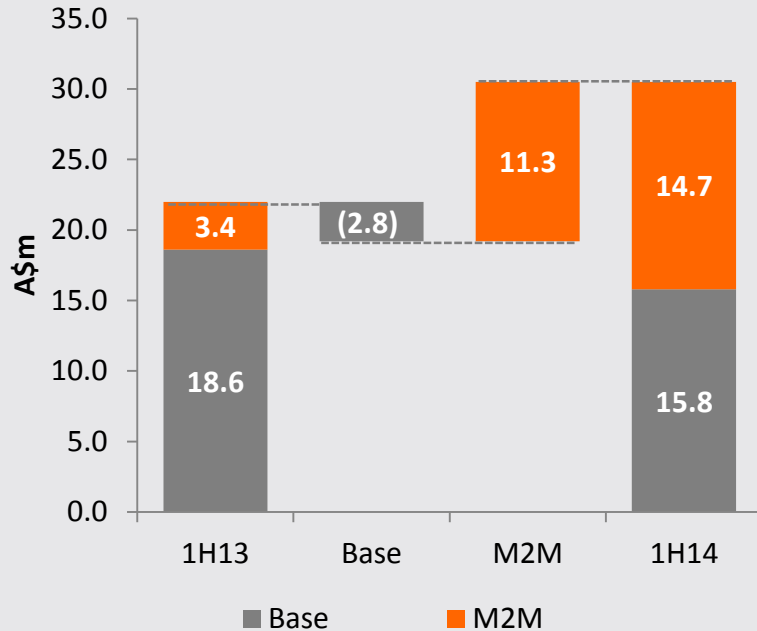
- Consumer grade ADSL and 3G routers to ISP's (such as TPG, Adam Internet, etc.), Telco Carriers such as Telstra and Vodafone NZ and retailers such as Officeworks
- Powerline devices to Foxtel
- ADSL Filters to Telstra

### GLOBAL M2M

The M2M Business has a global reach and includes sales to:

- Vodafone global
- Comms card for Smart Meters in Victoria (via Ericsson)
- NBN (via Ericsson)
- Direct customers in Australia, North America, Middle East and Europe

## Revenue Mix Reflects Successful Transition Towards the M2M Market



- Benefits from transition towards M2M market beginning to flow
- Stated strategy is progressing with the shift in revenue mix
- M2M accounted for 48% of total 1H14 revenues, up from just 15% in 1H13
- Significant improvement in revenue reflects orders generated from Ericsson smart metering contract
  - ~65% of units fulfilled
  - expect to deliver the balance in 2H14

## Smart Metering Contract Delivered Significant Improvement in Revenues

- Significant improvement in first half revenues reflected orders generated from NetComm's first smart metering contract with Ericsson, announced in May last year.
- NTC has fulfilled approximately 65% of the number of units required under this contract and expects to deliver the balance in 2H14.





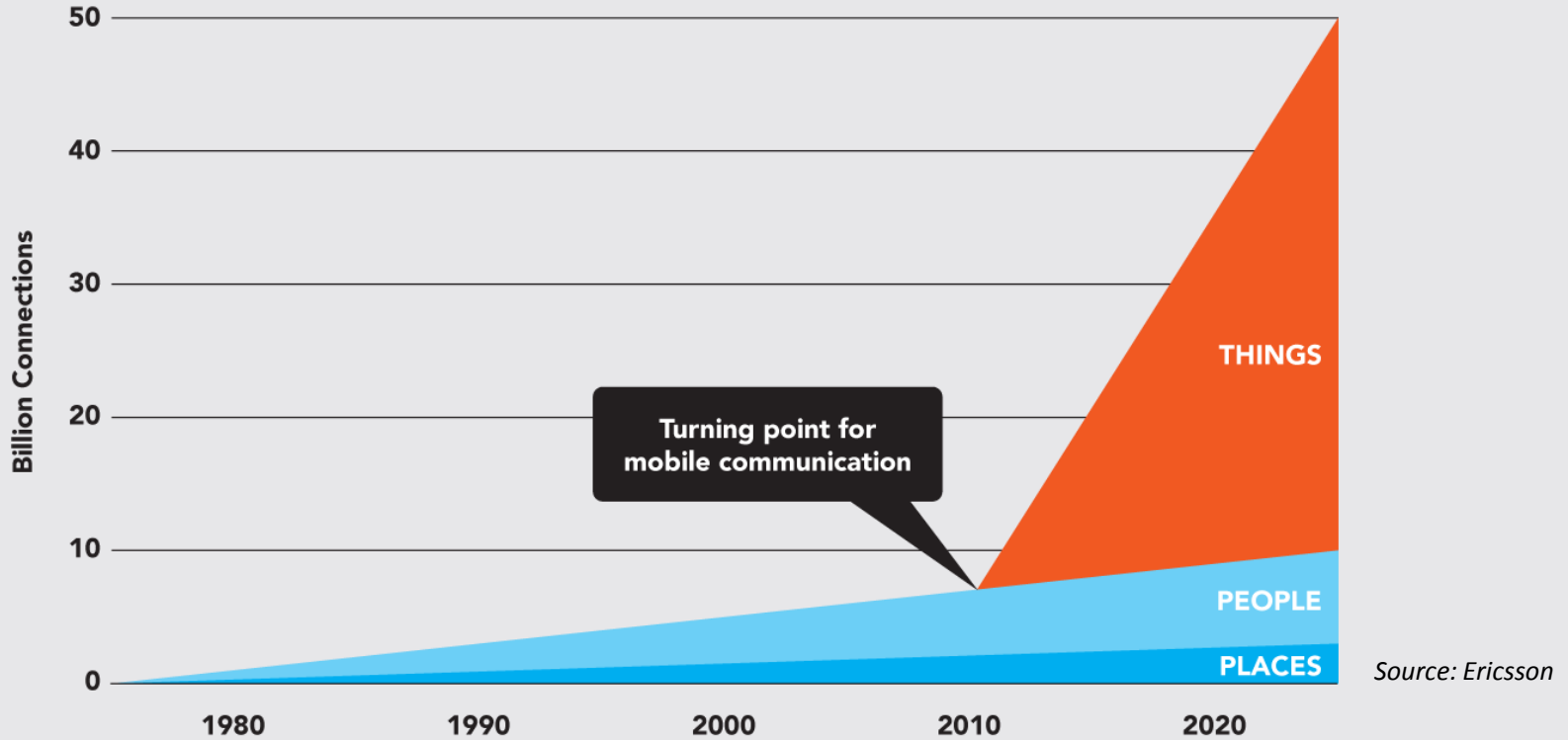
NBN Co. have undertaken strategic review

Wireless component still valid. May grow.

Pace of wireless rollout is starting to gain momentum.



## 50 billion by 2020



## Recent Strategic Partnerships Bolster Global M2M Strategy



- **October 2013**

NetComm Wireless extended the agreement with Etisalat to supply M2M technologies in the Middle East, Asia and Africa



- **November 2013**

NetComm Wireless entered U.S. market with a strategic distribution agreement with SYNEX to deliver wireless M2M devices to Verizon Wireless' sales channel



- **December 2013**

NetComm Wireless entered a strategic partnership to extend Vodafone Qatar's fixed and mobile networks to devices and machines which are used to enable Smart City applications

## M2M Carrier Partners

etisalat اتصالات

TELUS®



verizon wireless

STC  
الاتصالات السعودية  
حياة أسهل

vodafone

موبايلي  
mobily

ROGERS™

## 1H14 Summary Financials

Key profit & loss items (\$m)	1H14	1H13	% change
Revenue	30.5	22.0	38%
EBITDA	2.0	(0.2)	NA
Net profit after tax	0.2	(0.8)	NA
Earnings per share (cps)	0.13	(0.80)	NA

Key balance sheet items (\$m)	1H14	FY13	% change
Cash	3.4	3.9	(12%)
Other assets	33.0	29.5	12%
<b>Total assets</b>	<b>36.4</b>	<b>33.4</b>	<b>9%</b>
Borrowings	1.2	7.1	(83%)
Other liabilities	14.0	7.1	98%
<b>Total liabilities</b>	<b>15.2</b>	<b>14.2</b>	<b>7%</b>
<b>Total equity</b>	<b>21.2</b>	<b>19.2</b>	<b>10%</b>

Key cash flow statement items (\$m)	1H14	1H13	% change
Net cash flows from operating	6.5	1.8	269%
Net cash flows from investing	(2.0)	(2.0)	NA
Net cash flows from financing	(4.9)	(0.0)	NA
<b>Net (decrease) / increase in cash</b>	<b>(0.5)</b>	<b>(0.2)</b>	<b>NA</b>

## Funding

### Strong balance sheet

- Balance sheet remains strong following successful June 2013 equity raising
- \$2.2m net cash at 31 Dec 2013, compared to \$3.3m net debt at the end of FY13
- Restructured borrowing facility during 1H14 from USD denomination to AUD denomination, which will reduce FX-driven net asset fluctuations going forward
- Net operating cash flows strengthened to \$6.5m in 1H14, up from \$1.8m in 1H13

### Dividend policy

- Given the number of exciting growth opportunities available to NetComm, the Board remains focused on conserving cash for business reinvestment and has determined that it would defer the company's dividend for now
- NetComm Wireless' dividend policy will be reinstated as soon as it is deemed prudent

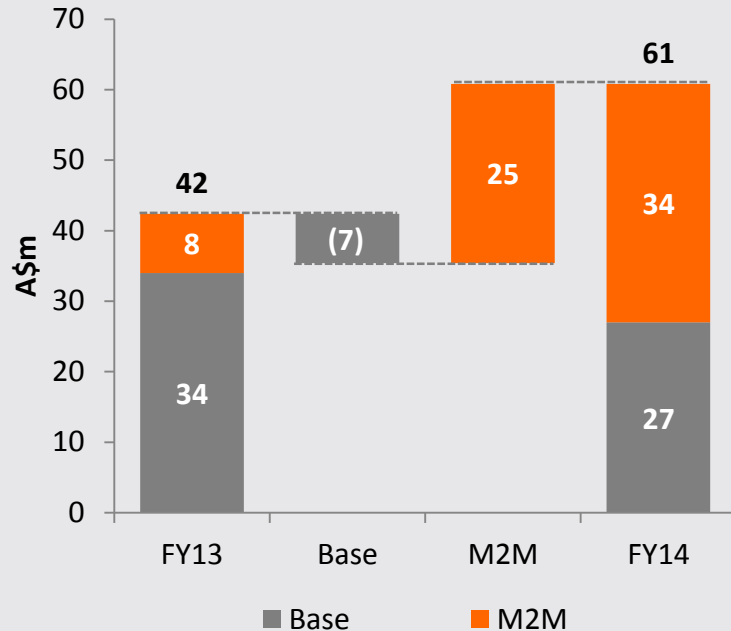
## Investing for Growth

### Well placed to execute on global growth ambitions

- Need for capital is short term and directly related to business won
- Existing hardware and software platforms facilitate rapid product development at low incremental cost
  - scalable production capacity demonstrated in 1H14 by ability to ramp up production to meet orders under the smart metering contract
- Ongoing investment required for R&D
  - \$1.8m spent on R&D during 1H14
- In line with stated strategy, investment into sales and engineering resources will increase during 2H14 to organically grow the business

## FY14 Guidance Reaffirmed

Revenue guidance<sup>1</sup>



Reaffirm previous FY14 guidance for EBITDA of between \$4.6m and \$5.1m

### FY14 represents an inflection point in product revenue mix

- FY14 revenue guidance of \$58-63m (midpoint \$60.5m)
  - M2M business (including smart metering and NBN) expected to increase from 20% of revenue in FY13 to 55% in FY14 (achieved 48% contribution in 1H14)
    - M2M revenue growth from Victorian Smart Metering, Ericsson (NBN), early Vodafone orders, Cubic (NSW ticketing) and other M2M contracts
  - Expect to generate substantial growth as we deliver further M2M contracts in line with our strategic plan to grow M2M market share
1. *Basis of guidance: The FY14 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 can impact the timing of revenue generation.*
  2. *EBITDA is as reported and after capitalisation of development costs*



## Delivering on Strategy

- M2M is global and it is **BIG**
- We have **world class engineering capability** and are internationally recognised as leaders in the M2M device field
- We have the Board and management **team in place to execute** our strategy
- Our half year results showcase our **transformation** into an M2M company
- Through our **coat tails approach** we can:
  - Leverage key industry leaders
  - Lower our risk and the investment needed to execute our strategy
- With a **relatively fixed cost base**, there is scope for substantial EBITDA margin growth
- **Strong** balance sheet and cash flows



**QUESTIONS**



NetCommWireless

# APPENDIX A

## CORPORATE OVERVIEW

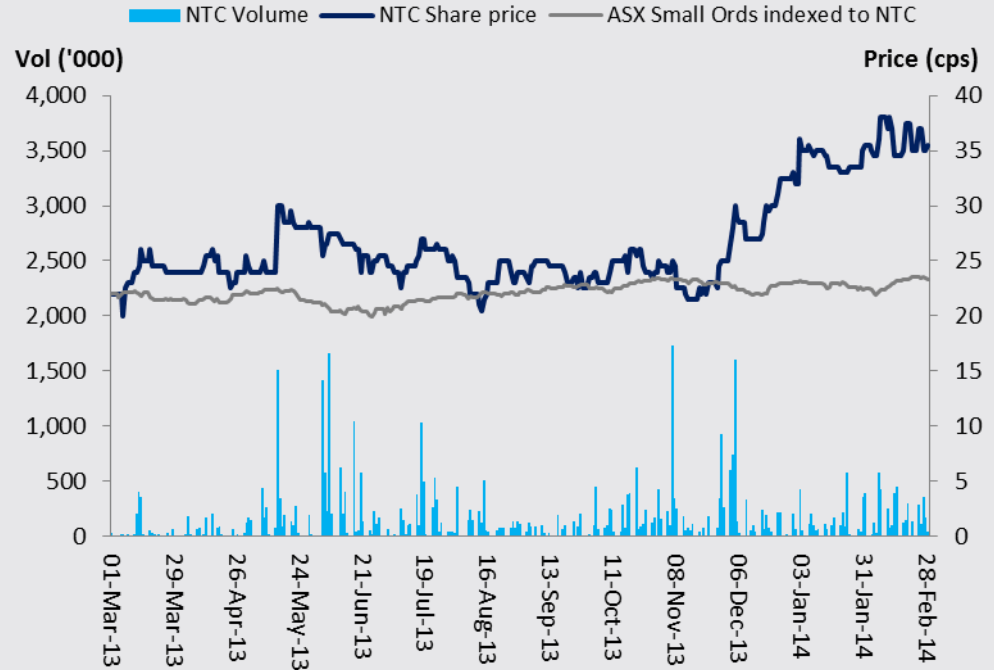
## Corporate overview (ASX: NTC)

### Substantial shareholders at 28 February 2014

Brad Industries P/L / Rooke Lane P/L	17.84%
NBT Pty Ltd / Janvin P/L / G&P Woods P/L	8.65%
<b>Total substantial holders</b>	<b>26.49%</b>

### Details at 28 February 2014

Shares on issue	m	128.8
Share price	cps	35.5
Market Cap	\$m	45.7
Debt (31 December 2013)	\$m	1.2
Cash (31 December 2013)	\$m	3.4
Enterprise Val	\$m	43.5
Options on issue	m	0.1



Source: IRESS as at 14 February 2014