

# NETCOMM INVESTOR PRESENTATION FIRST QUARTER 2011 UPDATE

31 AUGUST 2010

*NetComm*

NETCOMM LIMITED

## NETCOMM'S MISSION

*To supply Telco's and ISP's globally with Mobile Broadband Access Gateways that meet their individual needs and create value for their customers.*

***NetComm***

## NETCOMM BACKGROUND

- NetComm Limited [ASX:NTC] has been listed for 16 years, and in the Telecommunications Equipment segment for over 28 years.
- Growth in the Mobile Broadband Equipment segment is estimated to average more than 55% for the next 4-5 years. A segment with estimated worldwide revenues of \$61B, Mobile Broadband Equipment investment and demand has been robust despite the GFC.
- Unique Selling Proposition to Telco and ISP partners
  - Speed to market for first-to-market advantage
  - Customisation to create true differentiation
  - Competitively priced to maintain strong margins
- NetComm's Board and Senior Management team have extensive telecommunications management experience
- Blue chip customers now include Telstra (Australia and NZ), Saudi Telecom (STC), Etisalat ( 3x Middle East properties), TELUS (Canada) and Rogers (Canada).

# HIGHLIGHTS

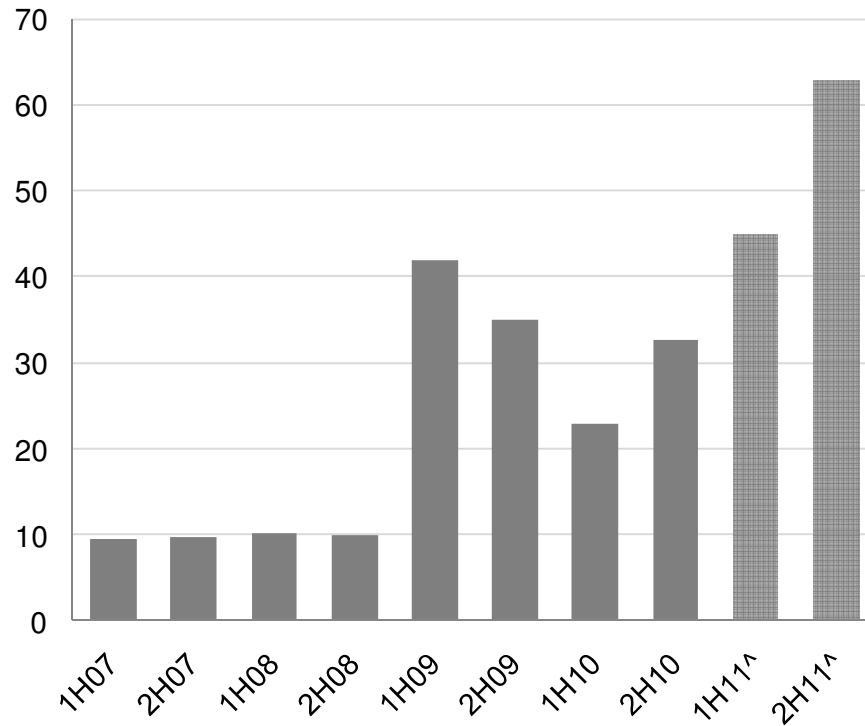
- NetComm has secured a Supply Agreement with Rogers of Canada with initial orders shipping in June 2010. Comes on the back of our Master Supply Agreement with Telus of Canada. NetComm is targeting 30% of its international growth from the North American market.
- NetComm posted its full year results for 30 June 2010. NetComm’s international expansion strategy and focus on Mobile Broadband Access Gateways resulted in significant growth in profitability in the second half of the financial year.

AUD \$000’s	1H 2010	2H 2010
Revenue	22,928	32,336
EBITDA	886	3,558
NPAT	(60)	1,685

- The improved earnings translated into a stronger cash position. Net cash increased from \$2.191m at the end of 1H 2010 to \$4.251m at 30 June 2010
- NetComm is well ahead its target of supplying 8 major international carriers by June 2011: the cornerstone of NetComm’s strategy for long term sustainable growth

# NETCOMM WILL FINISH THIS YEAR WITH STRONG MOMENTUM

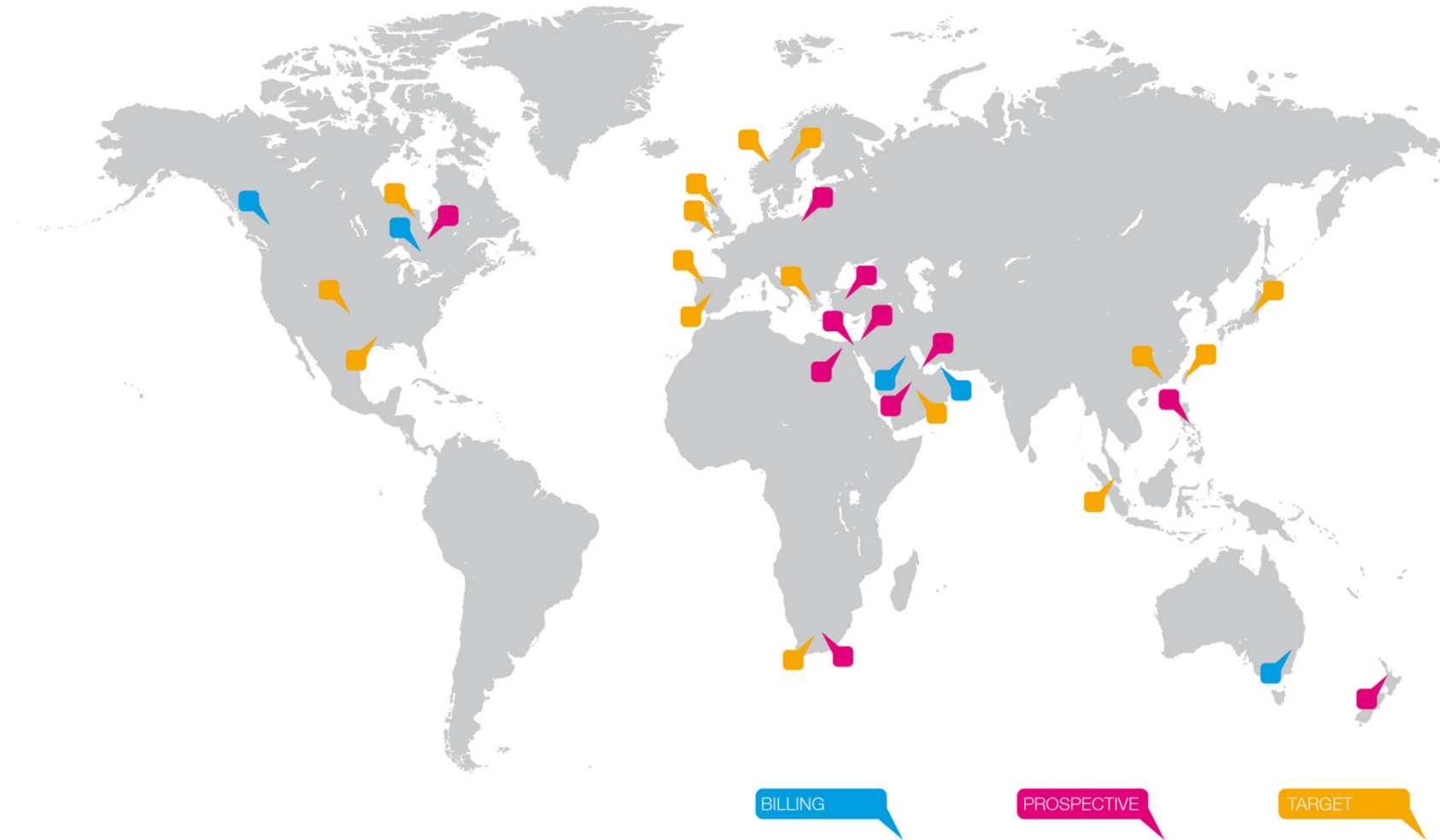
**NetComm Revenue Performance**  
2007 – 2011E, \$A Millions



- 2009 cash flow provided a natural working capital injection
  - Invested in strategy acquisitions
  - International expansion
- Telstra catapulted NetComm into the global gateway arena
  - Key reference site
  - Overcome learning curve
- NetComm's key customers are now major Telcos
  - Telstra
  - Etisalat
  - TELUS
  - Rogers Communications
  - STC
  - 3 other qualified carriers

^ Based on management forecast midpoint

# NETCOMM'S INTERNATIONAL EXPANSION CONTINUES TO GATHER MOMENTUM



# CURRENT MARKET ENVIRONMENT

# NETCOMM'S BROADBAND GATEWAYS INTEGRATE TWO DISTINCT TECHNOLOGY GROUPS



- Broadband technologies

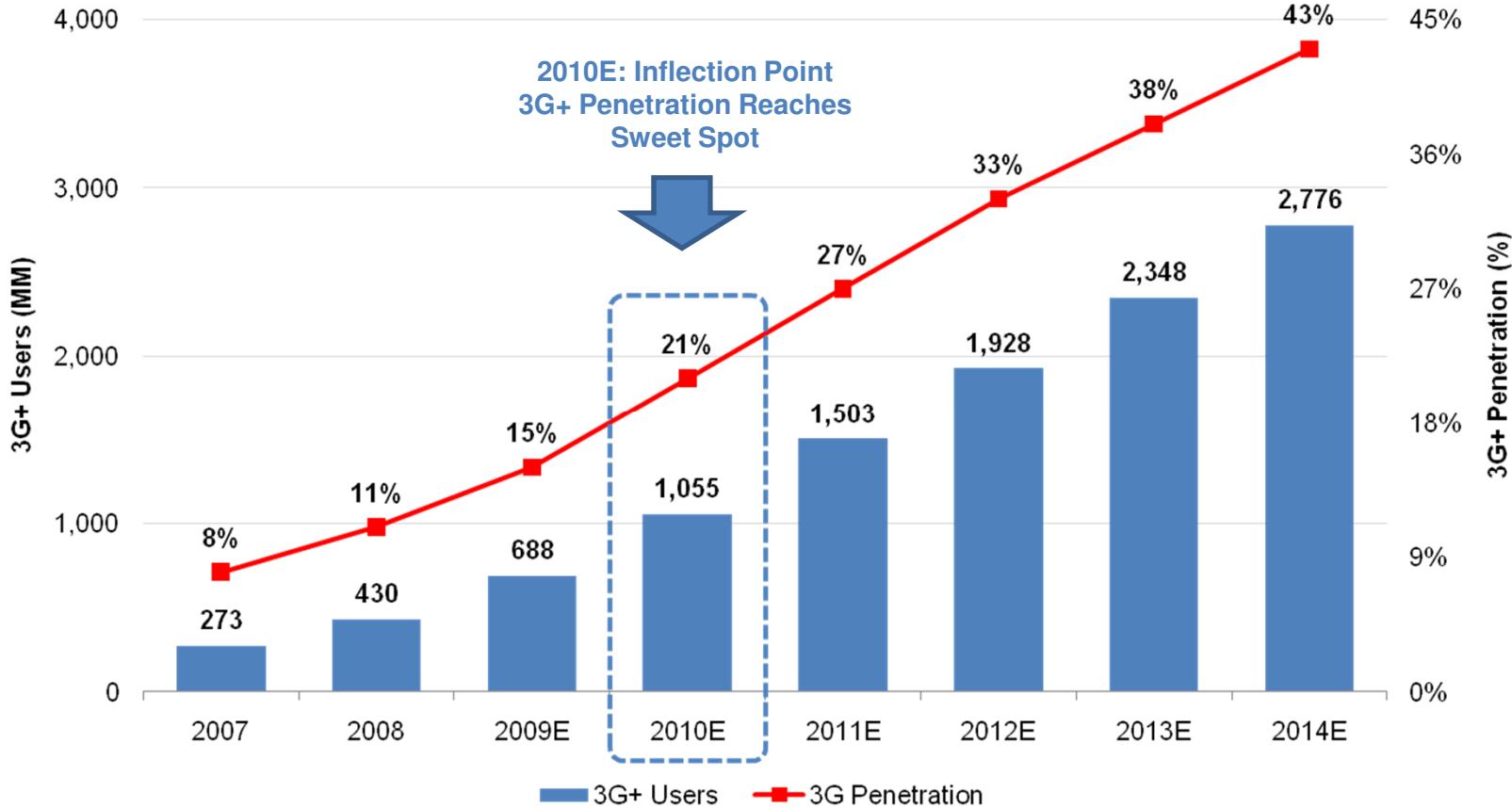
- 3G / HSPA+
- 4G / LTE
- ADSL2+ / VDSL
- Fibre
- WiMax

- Network technologies

- Ethernet / Gigabit
- WiFi (b/g/n)
- Bluetooth
- Powerline
- Zigbee

# GLOBAL DEMAND FOR MOBILE BROADBAND DEVICES CONTINUES TO GROW

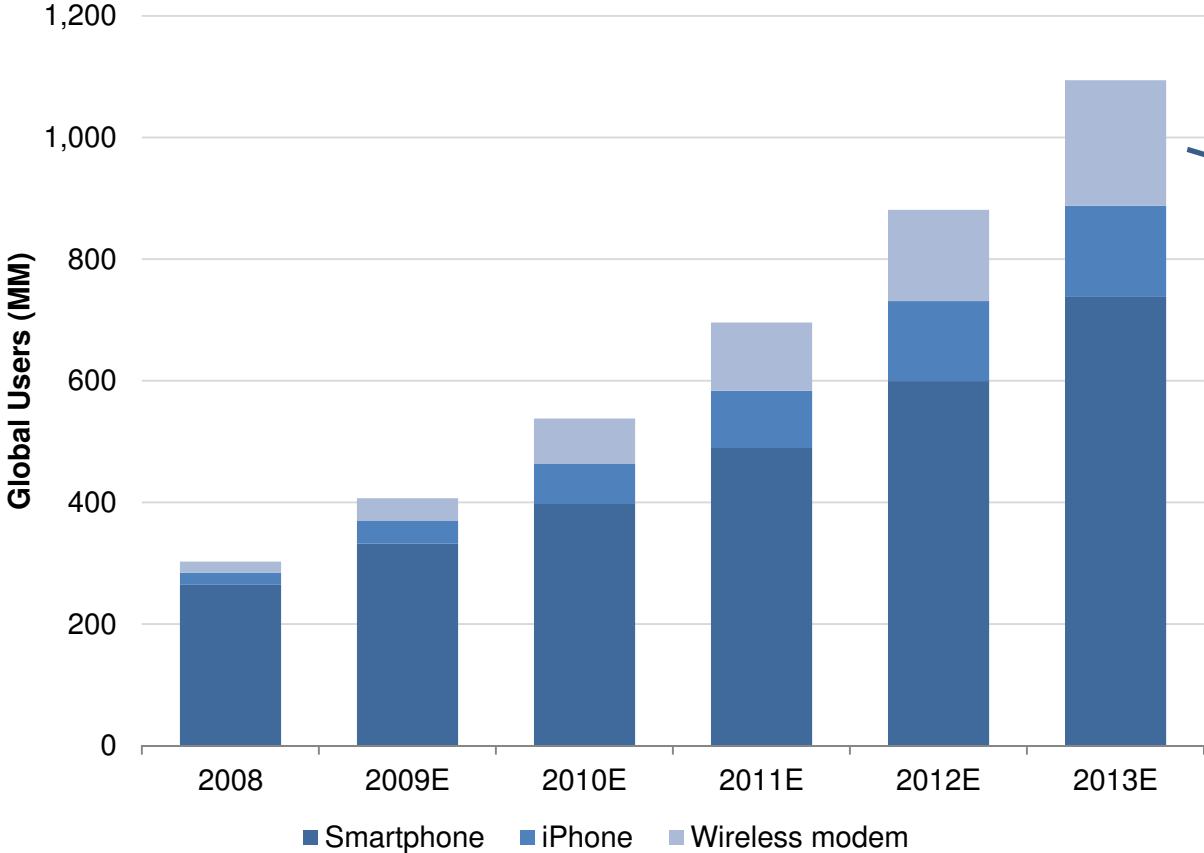
## Global 3G+ Subscribers & Penetration 2007 – 2014E



3G+ technologies include WCDMA, HSPA, TD-SCDMA, 1xEV-DO, LTE and WiMax  
Source: Ovum Estimates, Morgan Stanley Research

# MARKET INDICATORS: SPECIFIC SEGMENT GROWTH

## Global Mobile Data Users 2008 – 2013E



NetComm's key segment (wireless modems) global estimated CAGR of 55% (08-13E)

Set to grow from 40M to over 200M in just over 4 years

Source: Ovum Estimates, Morgan Stanley Research

# INVESTMENT IN 3G/HSPA NETWORK DEPLOYMENT IS A KEY DRIVER OF NETCOMM'S GROWTH

## 364 HSPA network commitments in 144 countries

■ Countries with commercial 3G/HSPA operators  
■ Countries with 3G/HSPA network commitments/deployments



### 315 commercial HSPA operators in 133 countries/territories

More than 31% of commercial HSPA operators have launched HSUPA

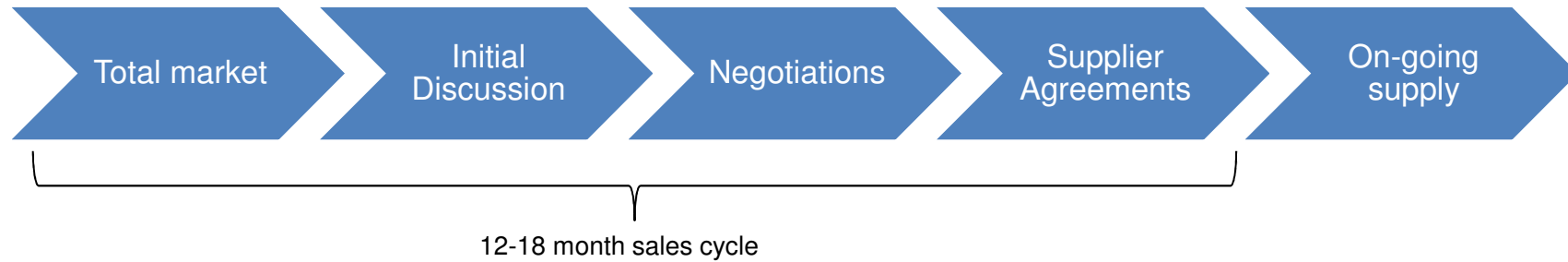


	Jul 2009	Feb 2010	Jun 2010	Growth
HSPA committed	316	364	401	27%
HSPA commercial	274	315	353	28%
HSPA countries	115	133	154	34%

Source: GSMIA global information web site

# NETCOMM TELCO / ISP SALES PIPELINE

## NetComm sales pipeline process



	November 2009	March 2010	May 2010	June 2010	June 2011 <sup>^</sup>
Expressions of interest	9	9	15	17	25
Agreement being finalised	4	4	4	4	6
Signed agreements*	2	3	4	5	8

<sup>^</sup> June 2011 Based on NetComm target negotiated outcomes

\* Only signed supply agreements with purchase orders are included

# NETCOMM'S SECOND NORTH AMERICAN CARRIER

- On 7 July 2010 NetComm announced it had secured supply agreement with Rogers of Canada for 3G Broadband Access Gateways
- Initial orders began shipping in June 2010.
- The Rogers Rocket Hub (3G10WVR) is an HSPA+ WiFi Gateway with Voice that operates off Rogers 3G network.
- Rogers market share of Canadian 3G mobile market is estimated to be 34%
- Rogers 2010 Q2 results: Wireless network revenue growth was fuelled by data revenue growth of 39% and net subscriber additions of 119,000. Wireless data revenue now comprises 27% of Wireless network revenue.



# DIVERSIFICATION WAS A KEY CHALLENGE FOR NETCOMM THIS YEAR

## Challenges

## Strategy

Market diversification



International markets now include:

- Australia / NZ
- Middle east - UAE, Egypt, Saudi, Qatar
- North America - Canada

On the immediate radar:

- United States
- South Africa
- South America
- Poland

Product life cycle

- Leverage global market arbitrage
- Long term bearer network independence

Low cost competition

- Avoid head-to-head competition with cost players
- Deliver on the key value proposition
- Constant review of market trends

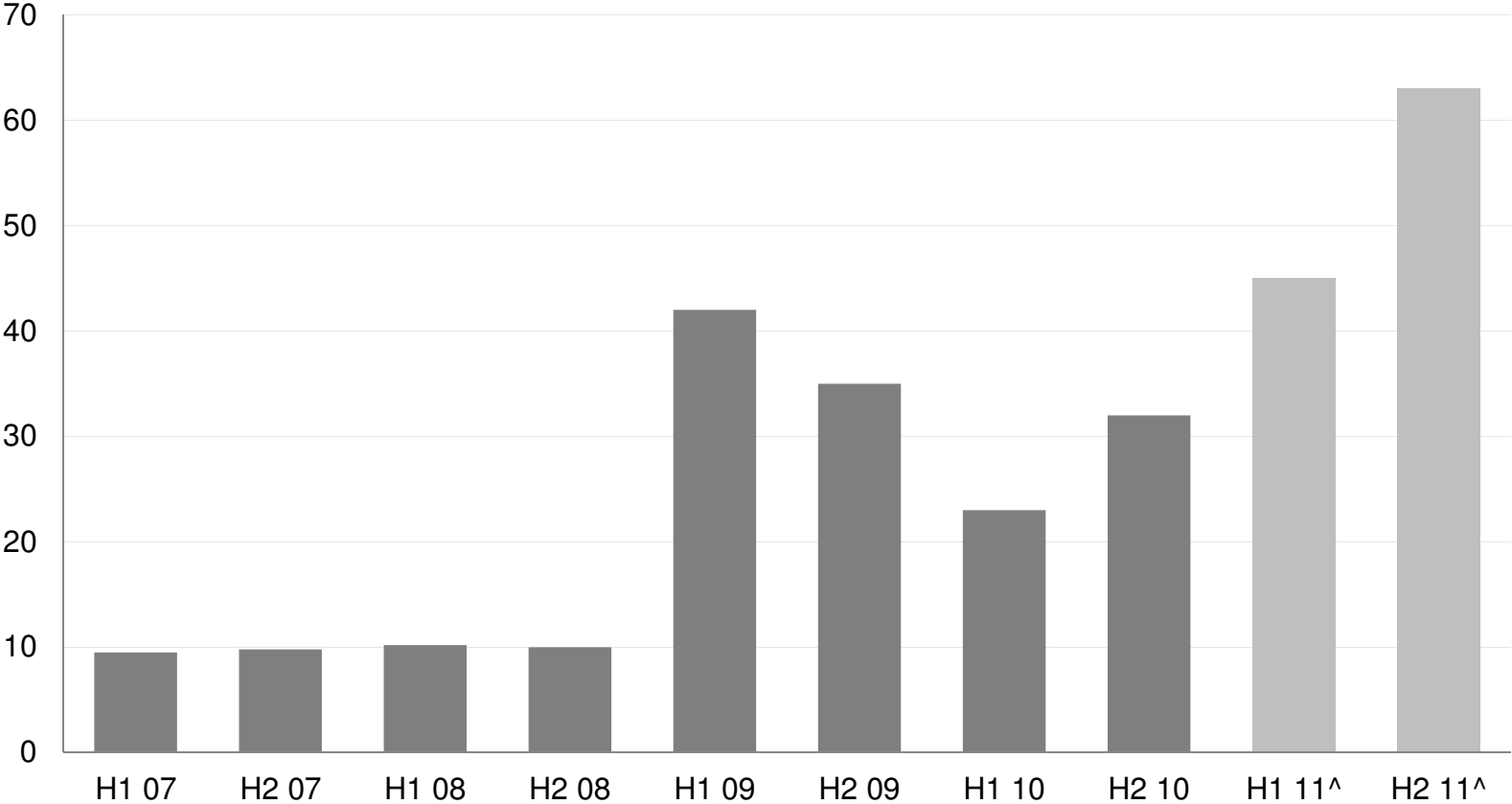
## NETCOMM'S BOARD AND MANAGEMENT TEAM HAS EXTENSIVE TELECOMMUNICATIONS MANAGEMENT EXPERIENCE

- David Stewart - MD
  
- Board of Directors
  - Terry Winters (Chairman, Non-executive Director)
  - John Burton (Non-executive Director)
  - John Brennan (Non-executive Director)
  
- Senior Management Team
  - Brett Stevens – Chief Technical Officer
  - Steve Collins – Head of Engineering
  - Danny Morrison - General Manager - Sales
  - Peter Beveridge - Company Secretary and General Manager
  - Yumi Bondy – Head of Marketing
  - Wayne Trattles – Chief Financial Officer

# NETCOMM FINANCIALS

# NETCOMM REVENUE TREND – HALF YEARLY

**NetComm Half Year Revenue Performance**  
\$A Millions



^ Based on management forecast midpoint

# NETCOMM SUMMARY INCOME STATEMENT FOR 2H 2010

## NetComm Half Year and Full Year Income Statement 2009 – 2010

\$AUD in '000	H1 2009	H2 2009	FY 2009	H1 2010	H2 2010 <sup>#</sup>	FY 2010
Revenue	40,371	38,102	78,473	22,928	32,336	55,264
Gross profit	9,794	9,303	19,097	7,866	10,061	17,927
Operating expense	6,127	6,771	12,898	6,980	6,503	13,483
EBITDA	3,667	2,532	6,199	886	3,558	4,444
Profit after tax	2,152	3,739	5,891	-60	1,685	1,625
Basic earnings per share (cents)	2.3	3.81	6.01	-0.06	1.64	1.58
Diluted earnings per share	2.26	3.77	5.95	-0.06	1.62	1.56

<sup>#</sup> NetComm preliminary final results

# NETCOMM SUMMARY FINANCIAL POSITION FOR 2H 2010

## NetComm Half Year Financial Position

2009 – 2010

\$AUD in millions	1H 2009	2H 2009	1H 2010	2H 2010 <sup>#</sup>
Current assets				
Cash	5,090	4,762	2,191	4,251
Trade receivables	4,694	4,181	4,001	8,259
Inventories	7,180	7,695	9,463	10,233
Other current	166	123	400	330
Total current Assets	17,130	16,762	16,055	23,073
Total Non-current Assets	6,483	10,940	10,908	11,220
<b>TOTAL ASSETS</b>	<b>23,613</b>	<b>27,702</b>	<b>26,963</b>	<b>34,293</b>
Total current liabilities	11,573	11,353	12,053	17,613
Total non-current liabilities	180	473	307	284
<b>NET ASSETS</b>	<b>11,860</b>	<b>15,876</b>	<b>14,603</b>	<b>16,396</b>
<b>SHARE HOLDERS EQUITY</b>	<b>11,860</b>	<b>15,876</b>	<b>14,603</b>	<b>16,396</b>

# NetComm preliminary final results

# NETCOMM MANAGEMENT IS TARGETING STRONG REVENUE AND MARGIN GROWTH FOR 2011

## NetComm Half Year Guidance FY 2011

\$AUD in Millions	1H 2010	2H 2010 <sup>#</sup>	FY 2010 <sup>#</sup>	1H 2011 F	2H 2011 F
Revenue	22.9	32.3	55.2	42.0 - 48.0	58.0 - 68.0
EBITDA	0.9	3.5	4.4	2.5 - 4.5	5.5 - 8.5

<sup>#</sup> NetComm preliminary final results

<sup>F</sup> NetComm management's forecast

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