

# Investor Update

**David Stewart** — Managing Director and CEO

**Ken Sheridan** — CFO and Executive Director

**NetComm Wireless** is an established business with a 30 year history selling an evolution of data communications devices

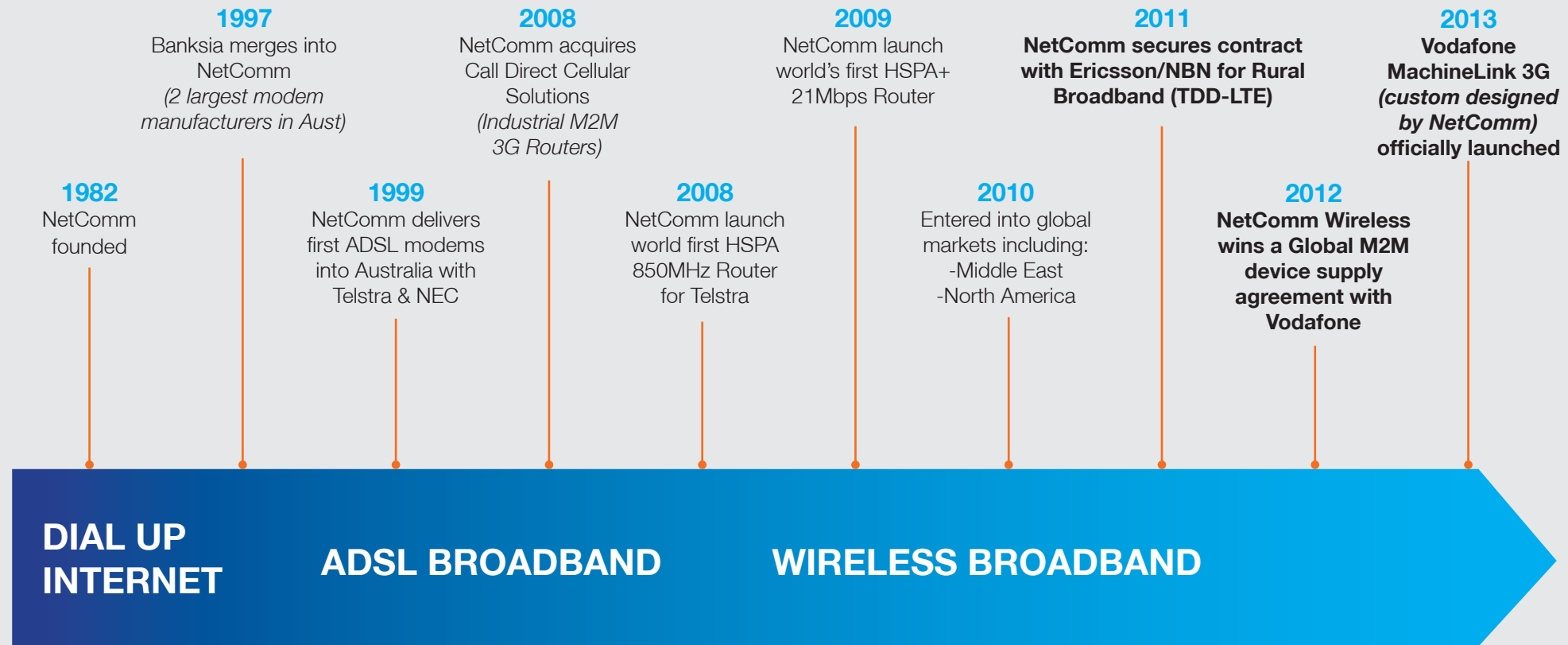
**NetComm Wireless** is now focused on the global, high growth, high value wireless Machine to Machine (M2M) sector



# A unique investment opportunity at cusp of substantial growth

- NTC has an established business with a profitable platform from which to continue expansion into M2M sector
  - already established and active
- M2M market is expected to grow rapidly as every “thing” becomes internet connected
- M2M market is highly fragmented – NTC’s flexibility to adapt products to client requirements provides substantial competitive advantage and customer “stickiness”
- NTC has scalable production capacity
- NTC has existing relationships with market leading global communications service providers
  - our “coat-tails” strategy
- Profitability is expected to improve significantly as NTC increases M2M penetration

# 30 years of evolving with technology



# Wireless technology fuels exceptional M2M growth

- Telecommunications operators are facilitating rapid wireless network growth
  - making substantial investments in new wireless networks to improve performance, capacity and efficiency to meet demand
- Rapid wireless network growth has set the stage for two key trends:
  - mobility
  - 'always-on' connectivity
- These trends have already had a dramatic impact on consumer market

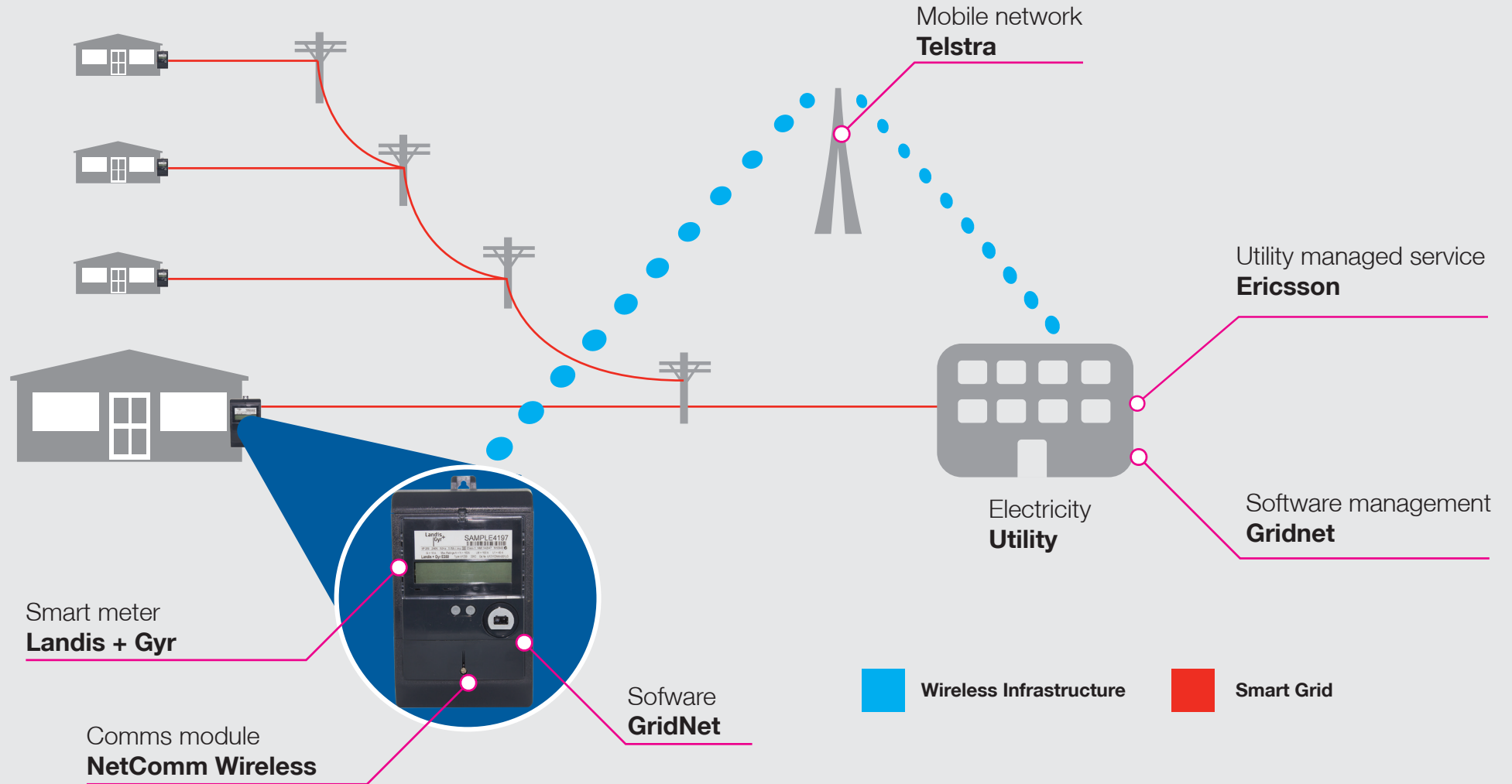
# NTC and the M2M market

- NTC's wireless modems sit "on the edge" of M2M network infrastructure and are critical components enabling devices to talk to each other over public or private networks
- We do not compete with infrastructure providers or telecommunications companies
- Rather, we partner with infrastructure providers and telecommunications companies to provide them with "edge" devices
- One of NTC's major competitive advantages is its proven ability to quickly develop customised broadband technologies in line with network rollouts

# M2M smart metering ecosystem

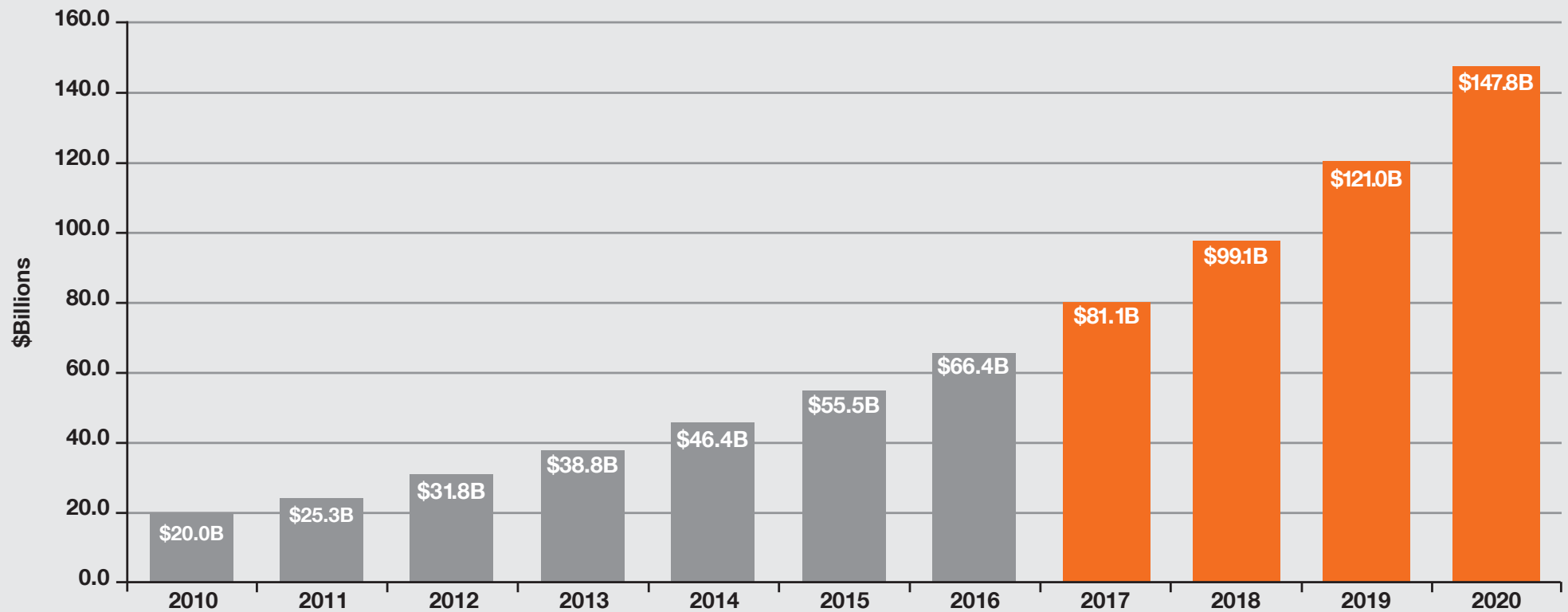
*"The number of M2M connections in the utilities industry will grow from 100 million in 2010 to 1.5 billion in 2020, of which 99% will be smart meters."*

*Source: Machina Research 2012*



# M2M market is expected to grow rapidly

Global market size for M2M applications is forecast to grow to \$66.4bn by 2016



Source 2010 - 2016: Visiongain

NetComm Wireless estimates projected  
at a CAGR of 22% over 7 years

# M2M market is highly fragmented

- The M2M market is highly fragmented, providing ample scope to grow
- Below is a snapshot of companies operating in M2M:

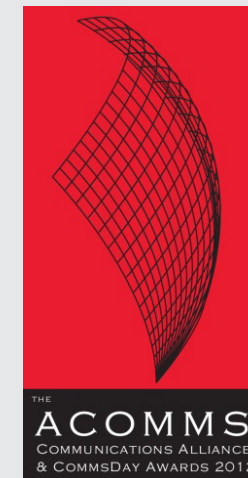


# NetComm Wireless' key competitive advantages

- Longevity
- Experienced Board and management team
- Reputation and credibility
- Strategic alliances... “coat-tails strategy”
- Innovation and speed to market
- Open systems approach: lower customer risk
- Customisation to meet individual customer requirement

# NTC's flexibility to adapt

- Flexibility to adapt products to specific client requirements is key competitive advantage
- Engineers have developed 'intelligence' to produce small volumes of products profitably
- Scalable production capacity via an outsourced manufacturer



# Our goal - to grow a substantial M2M market presence

- We aim to be one of the leading M2M device providers globally
- We are targeting the following key M2M industry verticals/customer segments:
  - Utility smart grids (electricity and water)
  - E-health re connected in-home devices which need central monitoring
  - Business services
  - Manufacturing and construction
  - Transportation ticketing
  - The top 1,500 global corporations re their specific needs, especially via our relationship with Vodafone Global Enterprise
  - We plan to have relationships with 6-8 of the top 20 global telecommunications carriers

# M2M focus sectors

## Ticketing



- Bus, train, ferry wireless ticketing systems
- Events ticketing

## Business Services



- Vending Machines
- Recycling/Waste bin levels
- Gaming Machines
- Digital Signage

## Emergency & Health



- Mobile Health units
- Emergency response
- Smart homes
- Remote patient monitoring

## Utilities



- Metering
- Grid Management
- Smart homes
- Irrigation control

## Manufacturing & Construction



- Remote troubleshooting
- Supply Chain Management
- Energy Management
- Building control

# M2M opportunities

Sector	Opportunity	Size of Prize (Units)	Coat Tails Partner
Smart Grid	<b>Australian Electricity Utility</b> communications cards for smart meters.	<b>110,000</b> units with 3G	Ericsson and Grid Net
Smart Grid	<b>Australian Smart Meter Market.</b>	<b>7.5 million</b> units	Grid Net
Smart Grid	Pilot of 1,000 units for <b>Verizon</b> "Smart Grid as a Service" project.	<b>7-9 million</b> units	Grid Net and GE
Smart Grid	<b>Japanese Market.</b> Following the Japanese tsunami their nuclear power stations have been closed and so they need smart meters to regulate their peak electricity demands. This is urgent and the activity will occur over approximately 3 years.	<b>80 million +</b> units market	Grid Net and a Smart meter vendor
Smart Grid	Middle East smart meter opportunity	<b>1+ million</b> units	Grid Net and Etisalat
M2M "light industrial"	We are Vodafone's supplier to satisfy their large volume demands for M2M Routers to the top 1,500 companies globally. This will naturally extend to all Vodafone Operating Companies and Partner Networks.	We expect volumes to ramp up over the course of 2 to 5 years to hundreds of thousands of units per year	Vodafone Global
E-Health	<b>Health Care Industry</b> re in house monitoring of medical equipment used by house bound patients.	<b>Millions</b> of units	Vodafone/Specialist System Integrators

**Disclaimer:** the above opportunities are indicative of activities in which NetComm Wireless is active. However, NTC makes no claim that any or all of these opportunities will be converted to revenue.

# Recent major supply and alliance agreements



NSW State Governments \$1.2bn public transport ticketing system



Global supply contract for M2M devices



Utility agreement for NBN and utility devices



Supply agreement for water utility communication devices

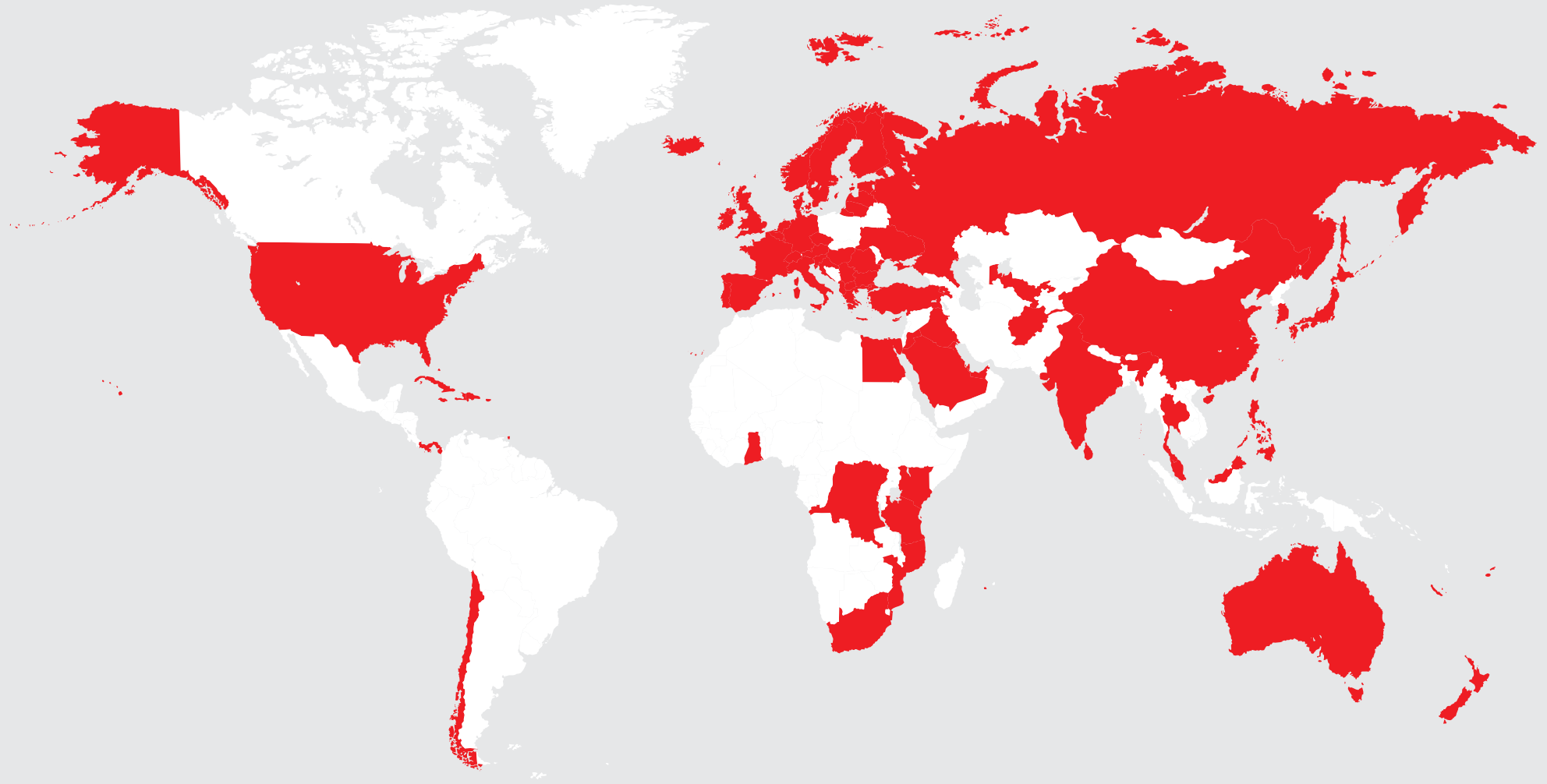


Supply agreement for M2M devices in the North American Market



Agreement for global smart grid projects

# Vodafone equity and brand footprint



# Vodafone top of M2M leaderboard

## Vodafone remains top of Machina Research's M2M Leaderboard

London, UK 17th April 2012

Specialist M2M research firm **Machina Research** today revealed the updated version of its M2M Leaderboard, a ranking of the top 20 global mobile network operators (MNOs) based on their expected revenue from mobile M2M in 2020. Between them, these top 20 global MNOs will secure approaching EUR25billion in revenue from M2M applications in 2020.

Rank	CSP
1	Vodafone
2	Deutsche Telecom
3	AT&T
4	Telefonica / O2
5	Verizon (45% Vodafone owned )
6	China Mobile (Vodafone strategic partner)
7	China Unicom
8	Orange
9	Sprint
10	Telenor
19	TeliaSonera
20	Etisalat

# Vodafone launches MachineLink 3G product

- Vodafone has officially launched MachineLink 3G product to global market
- NTC has received technical approval from Vodafone to move to mass production of MachineLink 3G product
- Devices scheduled to be available to market in April 2013
- NTC participated at Mobile World Congress in Barcelona in Feb 2013
- The Vodafone launch provided a significant credibility endorsement of NTC to key industry players
- 2 key product variants are currently in development with a specific focus to the US market



# 1H13 result reflected company transition to M2M

1H13 result reflected continued evolution of NTC from a company focused on consumer based technologies into one focused on M2M market

- 1H13 revenue of \$22.0m (1H12: \$25.2m) reflecting move away from consumer grade 3G routers
- \$300k in restructuring costs taken during 1H13
- 1H13 underlying EBITDA (ex restructuring costs) of \$102k, an improvement on \$438k loss in 1H12
- 1H13 net loss after tax reduced to \$842k (1H12: loss of \$1.3m) mainly due to lower effective tax rate flowing from R&D activities
- FY13 guidance:
  - revenue between \$45-48m
  - EBITDA between \$1.8-2.5m

# Outlook

## **NetComm Wireless' profitability is expected to improve significantly as penetration of M2M market increases**

- Strategic partnerships driving volume growth
  - Vodafone contract volumes will start to come through into P&L in 2014. Significant volumes are anticipated to occur in 2015
  - We expect meaningful Smart Grid revenues in first half of FY14
- Existing hardware and software platforms facilitate rapid new product development at low incremental cost (ie scalability) and lower risk
- M2M is a higher margin business than wireless carrier and fixed line products
- As product mix shifts toward higher margin M2M, NTC expects gross margin expansion

## In summary

- M2M market is expected to grow rapidly as every “thing” becomes internet connected
- NTC is uniquely placed to leverage global growth of the M2M market
- Profitability is expected to improve significantly as NTC increases M2M market penetration

# APPENDICES

# Corporate Overview (ASX:NTC)

## Substantial shareholders at 26 February 2013\*

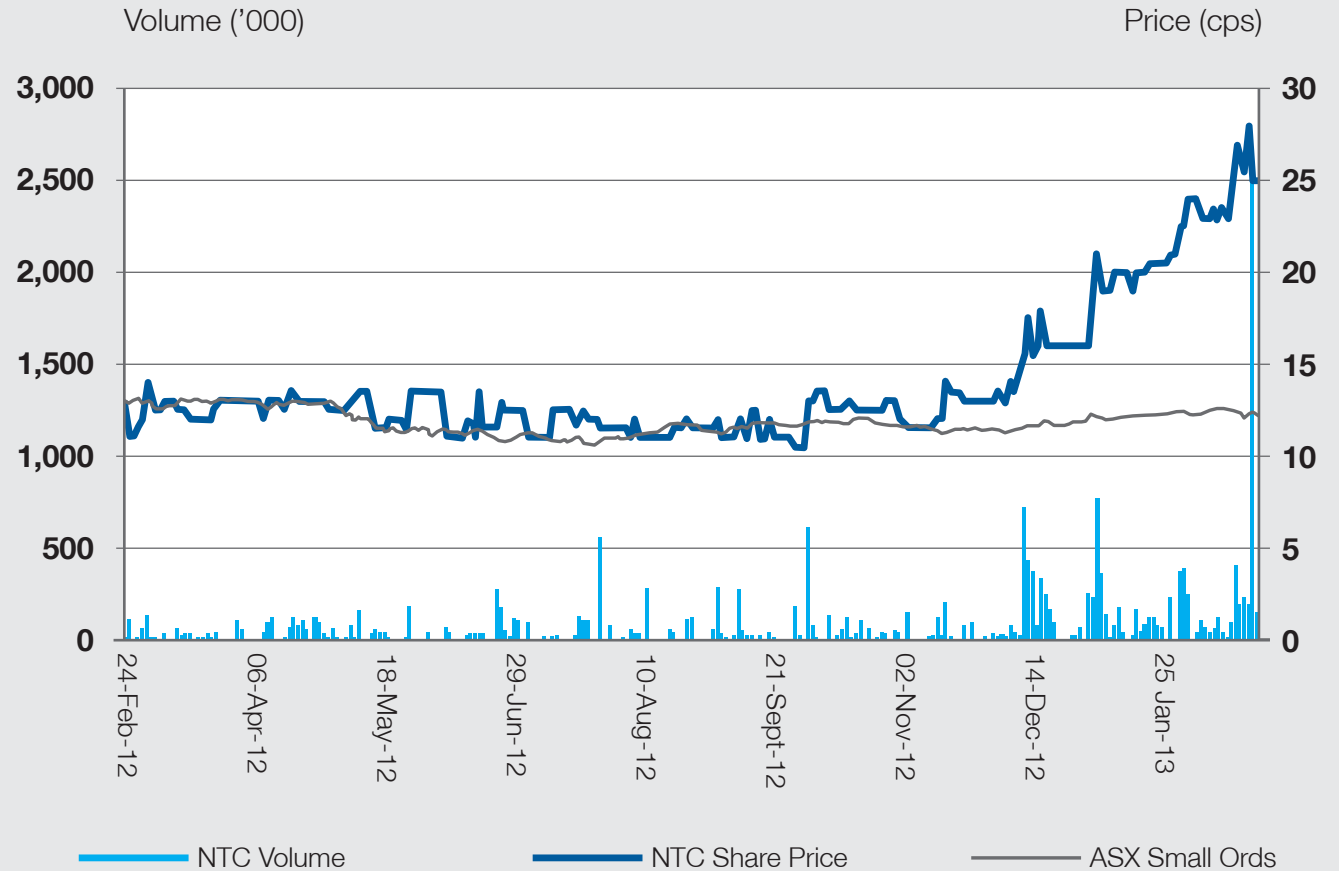
Brad Industries Pty Ltd	21.8%
NBT Pty Ltd / Janvin P/L/ G&P Woods P/L	9.2%
Dr Colin Rose / Mathstatica Pty Ltd	4.8%
<b>Total substantial holders</b>	<b>35.8%</b>

\* 90% of shares held by 385 shareholders

## Details at 26 February 2013

Shares on issue	m	105.2
Share price	cps	25
Market Cap	\$m	26.3
Debt (FY12)	\$m	12.4
Cash (FY12)	\$m	6.8
Enterprise Val	\$m	31.9
Options on issue	m	1.3

Source: Iress



# 1H13 Consolidated Income Statement

	1H13 \$	1H12 \$	% change
<b>Continuing Operations</b>			
Revenue from the sale of goods	22,010,307	25,219,313	-12.7%
Other income	27,083	-	N/A
Change in inventories of finished goods and work in progress	1,207,920	2,484,568	-51.4%
Raw materials consumed	- 16,418,826	- 20,774,354	-21.0%
Employee benefits	- 3,799,523	- 4,469,194	-15.0%
Administrative expenses	- 1,520,802	- 1,626,735	-6.5%
Other expenses	- 1,703,746	- 1,272,036	33.9%
<b>EBITDA</b>	- <b>197,587</b>	- <b>438,438</b>	<b>-54.9%</b>
Depreciation and amortisation expense	- 1,304,006	- 1,273,933	2.4%
Finance costs	299,494	169,481	N/A
<b>Profit/(loss) before income tax</b>	- <b>1,801,087</b>	- <b>1,881,852</b>	-4.3%
Income tax (expense)/benefit	958,680	556,757	72.2%
<b>Profit/(loss) after income tax</b>	- <b>842,407</b>	- <b>1,325,095</b>	-36.4%
<b>Other comprehensive income</b>			
Exchange differences arising on translation of foreign operations	25,877	18,278	N/A
<b>Total comprehensive income for the period</b>	- <b>816,530</b>	- <b>1,343,373</b>	-39.2%
Basic loss per share (cents per share)	- 0.80	- 1.28	-37.5%
Diluted loss per share (cents per share)	- 0.80	- 1.28	-37.5%

# Funding

## **Dividend policy**

- Given exciting growth opportunities available to NTC, Board is focused on conserving cash for business reinvestment
- As a result, no dividend was declared for 1H13
- Dividend policy will be reinstated as soon as it is deemed prudent

## **Working capital**

- \$5.6m net debt at 31 December 2012
- Need for capital is very short term and directly related to business won
- Working capital provided by NAB through \$15m, rolling 180 day, trade finance facility and \$2m debtors funding facility

# Strong Board



**David Stewart**  
Chief Executive Officer, Managing Director

David is an experienced CEO and successful entrepreneur with more than 30 years in management and business leadership roles. David founded Banksia Technology Pty Limited in 1988 and successfully managed the company as a fast growing and highly profitable business.

In 1996 he instigated the successful takeovers of a number of his competitors, including NetComm Limited, which was completed in November 1997. David assumed the role of Managing Director of the merged entity and remains the single largest shareholder of NetComm.

David has a strong financial background, extensive experience in sales and marketing and has a strong interest in new technologies. While being very active in the operational aspects of the business, he also oversees the product development direction and focuses on the strategic direction of the company.



**Justin Milne**  
Independent Non-Executive Chairman

Mr Milne was appointed to the NetComm Wireless board on 7 March, 2012. With extensive experience in the telecommunications industry and media, Mr Milne is well placed to make an important contribution to the strategic direction of the Company.

He is a non-executive director of ME Bank and of Tabcorp Holdings Ltd, Chairman of the National Basketball League, Deputy Chair of the Sydney Children's Hospital Foundation and Director of Basketball Australia. Mr Milne was formerly Group Managing Director at Telstra BigPond, CEO of The Microsoft Network and of OzEmail. He is also a past board member of the SA Economic Development Board, a past President of the Internet Industry Association and former Deputy Chairman of Quickflix Ltd.

# Strong Board



**John A Brennan (FA ICD, FA IM)**  
Independent Non Executive Director

Mr Brennan is a former Managing Director of John David Cooper and Associates Pty Limited, a management consulting company focused on the development and deployment of e-business strategies for mid to large sized organisations. Previous roles included National General Manager, Corporate and Government Sales for Telstra, General Manager Corporate Services for Advance Bank and Regional Manager (Computers and Telecommunications) with the PA Consulting Group.



**Ken Sheridan**  
Chief Financial Officer, Executive Director

Ken Sheridan is a chartered accountant with over 30 years' experience in senior management roles.

He contributes to the achievement of NetComm Wireless' objectives by providing advice and direction on financial, HR, IT, risk management and company secretarial matters as well as business strategy.

Ken is actively involved in the Company's business planning and review activities and is also responsible for the design and implementation of the Company's governance framework.



**Ken Boundy**  
Independent Non-Executive Director

Ken Boundy joined NetComm Wireless as a Non-Executive Director on 24 August 2012. He is currently Chairman and/ or Non-Executive Director on four boards, member of two advisory boards and part owner of two businesses.

Mr Boundy has held a number of prominent positions over the past thirty years including: Managing Director of the Australian Tourist Commission, Tourism Australia; Executive General Manager, International, of James Hardie Industries Limited; Group General Manager, Corporate Development, of Goodman Fielder Limited (GFL); CEO, of Goodman Fielder Asia, Singapore (GFA) and Director, Industry Development, of the Victorian Department of Industry Commerce and Technology.

# Experienced Executive Team



**Yumi Bondy**  
Head of Marketing

Yumi Bondy leads the Marketing and Communications teams and is responsible for driving NetComm Wireless' marketing strategy to connect with global customers and meet organisational objectives. She is spearheading the development of innovative marketing processes designed to open new channels and enhance customer and partner relationships. Yumi tracks market and industry trends to determine demand for emerging products; and works closely with a team of marketing, communications, branding, market research and product development managers to drive the performance of all marketing activities in line with the Company's vision and mission.



**Steve Collins**  
Head of Product Development

Steve Collins has extensive industry experience in wireless, industrial 'always on' devices, and a strong background covering the hands-on design of hardware, software and firmware. Steve joined NetComm Wireless in 2009, and is responsible for managing the Product Development Group which consists of: Research & Development; Software / firmware development; Hardware development; Testing; Project Management; Production readiness and Certification units. Steve brings to the Company an emphasis on industrial rated product design with an end-to-end concept-to-production focus in a fast turnaround environment.



**Karen McCrum**  
Operations Manager

Karen McCrum has contributed 15 years to NetComm Wireless and plays a significant role in the overall operations of the Company. She facilitates several projects within the organisation with a focus on inventory control, operational policy, quality assurance, logistics management and maximising the output of the technical support centre. Karen's strong management and leadership background ensures the smooth operation of end-to-end processes and the optimal use of Company resources in areas such as supply chain management. Karen is also responsible for ensuring that standard procedures are adhered to by appointed third parties.



**Danny Morrison**  
General Manager Sales

Danny Morrison oversees the Australian and New Zealand channel, M2M and ISP sales teams. He plays a fundamental role in developing future growth and provides direction and leadership to the sales and business development managers. Danny meets profit targets and sales growth objectives by increasing market share in existing markets and identifying opportunities in new markets. Danny builds long-term carrier, ISP, industry and retail partnerships and maintains an extensive knowledge of local market conditions.

# Experienced Executive Team



**Brett Stevens**  
Chief Technical Officer

Brett Stevens is Chief Technology Officer (CTO) at NetComm Wireless and is responsible for ensuring that the company's technology investments are aligned with its strategic business objectives. Brett's role includes monitoring future technologies, overseeing research projects and representing the company's products and future plans. He is responsible for the development and application of technology initiatives and operations within the Company with a focus on identifying, implementing and optimising technology solutions to meet current and future needs.



**Craig Turner**  
General Manager Strategic Market Development

Craig Turner leads the Wireless and M2M sales team who apply a deep understanding of market trends, technology developments and customer needs to successfully business develop sales in both domestic and international markets. The team's focus is on driving global sales, and ensuring NetComm Wireless is positioned to deliver target revenue, profitability and market share outcomes.



**Andrew Wills**  
Senior Technical Operations Manager

Andrew Wills leads the Project Management, Software Systems Administration, Web Development and International Technical Support teams at NetComm Wireless. He holds a broad range of responsibilities including the architecture, implementation and management of the Company's CRM and intranet systems, inventory control, international technical support, SIM administration and facilities management. Since joining NetComm in April 2007 Andrew successfully orchestrated the development of two new company websites and oversees the ongoing planning, management and implementation of new projects.

# Disclaimer

This presentation includes certain forward-looking statements that are based on information and assumptions known to date and are subject to various risks and uncertainties. Actual results, performance or achievements could be significantly different from those expressed in, or implied by, these forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of NetComm Wireless, which may cause actual results to differ materially from those expressed in the presentation contained herein.



THANK YOU