NetCommWireless

26 August 2014

FY14 Results Presentation

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TODAY'S AGENDA

- Continued strategy execution
- FY14 saw substantial revenue and earnings growth
- An exciting period ahead
- Q&A

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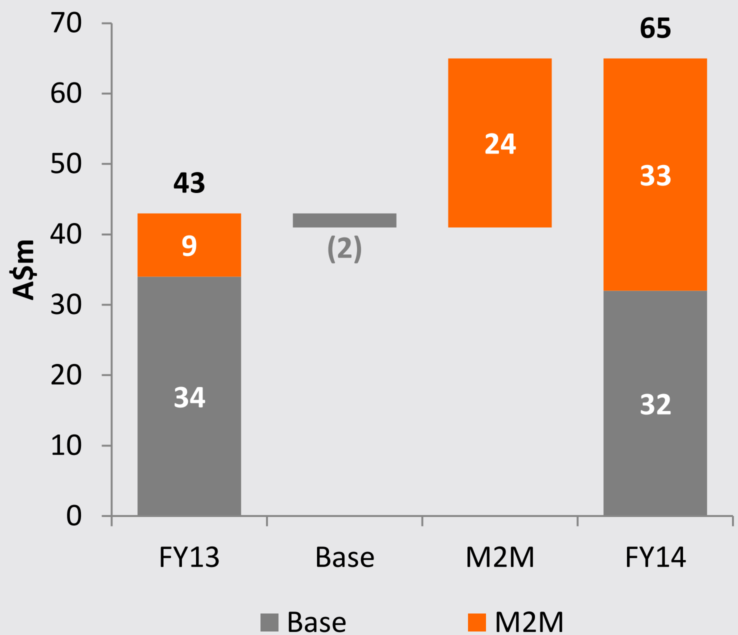
Continued strategy execution

FY14 Results Demonstrate Execution of Strategy

- Transition away from consumer based technologies toward the global M2M market
  - ✓ Strong growth in financial results underpinned by growing M2M revenue contribution (over half of total FY14 revenues)
- Partner with large, well established M2M players via NTC's "coat tails" strategy
  - ✓ Supply agreements with several new strategic partners, including SYNNEX / Verizon Wireless, Etisalat Group, Vodafone Qatar and Kanematsu Communications
- Deliver solutions for high volume global opportunities
  - ✓ FY14 delivery on orders generated from NTC's first smart metering contract with Ericsson
- Invest appropriately in product development and sales to fund growth
  - ✓ $3.7m investment in product development during FY14
  - ➢ Planned for FY15: increased investment into engineering resources

Revenue Mix Reflects Successful Transition Towards the M2M Market

Revenue



FY14 represents an inflection point in product revenue mix

- M2M business (including smart metering and NBN) increased from 20% of revenue in FY13 to 51% in FY14
  - 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 globally
- **FY14 EBITDA of $5.2M**

Building Partnerships with Large, Well Established M2M players

- Supply agreements with several new strategic partners:

etisalat اتصالات

KCS Kanematsu Communications

vodafone

SYNNEX CORPORATION

verizon wireless

- Goal of adding another three strategic partners over FY15

Machina Research M2M Leaderboard *(Sept 2013)*

Rank	CSP
1	**Vodafone**
2	AT&T
3	Deutsche Telecom
4	Telefonica / O2
5	China Mobile *(Vodafone strategic partner)*
6	China Unicom
7	**Verizon**
8	Sprint
9	Orange
10	NTT DoCoMo
11	Telenor
12	KPN
13	Singtel
14	Telecom Italia
15	Softbank
16	KDDI
17	Everything Everywhere
18	TeliaSonera
19	**Etisalat**
20	Vimpelcom

Indicates current NTC partner

Key Contract Deliveries have Driven FY14 M2M Revenue Growth

- **Smart metering**
  - ✓ Zero base in FY13, rising to approximately $14 million revenue in FY14

- **Ericsson / NBN**
  - ✓ Rollout increased pace in 2H14
  - ✓ Higher customer take-up rate

- **Cubic transportation**
  - ✓ Higher revenues in relation to the Opal Card project in NSW, particularly in 2H14

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FY14 saw substantial revenue and earnings growth

Substantial Earnings Growth

Key profit & loss items ($m)	FY14	FY13	Change
Revenue	64.6	42.9	↑ 50.7%
EBITDA	5.2	0.8	↑ 550.2%
Net profit after tax	1.0	(0.5)	↑ >>
Earnings per share (cps)	0.79	(0.51)	↑ >>
EBITDA Margin	8.1%	1.9%	↑ 331.4%

- Result underpinned by NTC's transition away from consumer based technologies toward the global M2M market
- Revenue up 50.7% to $64.6 million
  - Driven by smart metering, Ericsson/NBN and Cubic Transportation contracts
- EBITDA of $5.2 million (FY13: $0.8 million)
  - Slightly above EBITDA guidance range previously provided to the market of $4.6 - 5.1 million
- Return to profitability, with net profit after tax of $1.0 million (FY13: loss of $0.5 million)

Conservative Balance Sheet

Key balance sheet items ($m)	30 Jun 2014	30 Jun 2013	% change
Cash and equivalents	4.3	3.9	10.8%
Other assets	33.2	29.5	12.5%
Total assets	**37.5**	**33.4**	12.3%
Borrowings	4.8	7.1	(33.4)%
Other liabilities	10.6	7.0	50.3%
Total liabilities	**15.4**	**14.2**	8.2%
Total equity	**22.2**	**19.2**	15.4%
Net debt	**0.5**	**3.3**	(86.0%)

- Cash up 11% to $4.3 million
- Increase in 'Other assets' predominantly driven by 'Trade and other receivables'
  - due to extra activity towards end financial year
- Increase in 'Other liabilities' predominantly driven by 'Trade and other payables'
  - Relates to costs associated with NBN and smart metering contracts and employee costs
- Net debt reduced to $0.5m given strength of cash flows

Significant Improvement in Cash Flows

Key cash flow items ($m)	FY14	FY13	% change
Net cash flows from operating activities	5.7	2.0	185.7%
Net cash flows from investing activities	(3.9)	(4.3)	na
Net cash flows from financing activities	(1.4)	(0.8)	na
Net (decrease) / increase in cash	**0.4**	**(3.2)**	na

- Significant improvement in net operating cash flows, up 186% to $5.7 million
  - Reduced inventories have freed up cash
- $3.9 million cash used for investing activities
  - Predominantly capitalised development costs relating to new product development
- $1.4 million cash used for financing activities
  - Equates to repayment of borrowings less $1.0 million net proceeds from share issues

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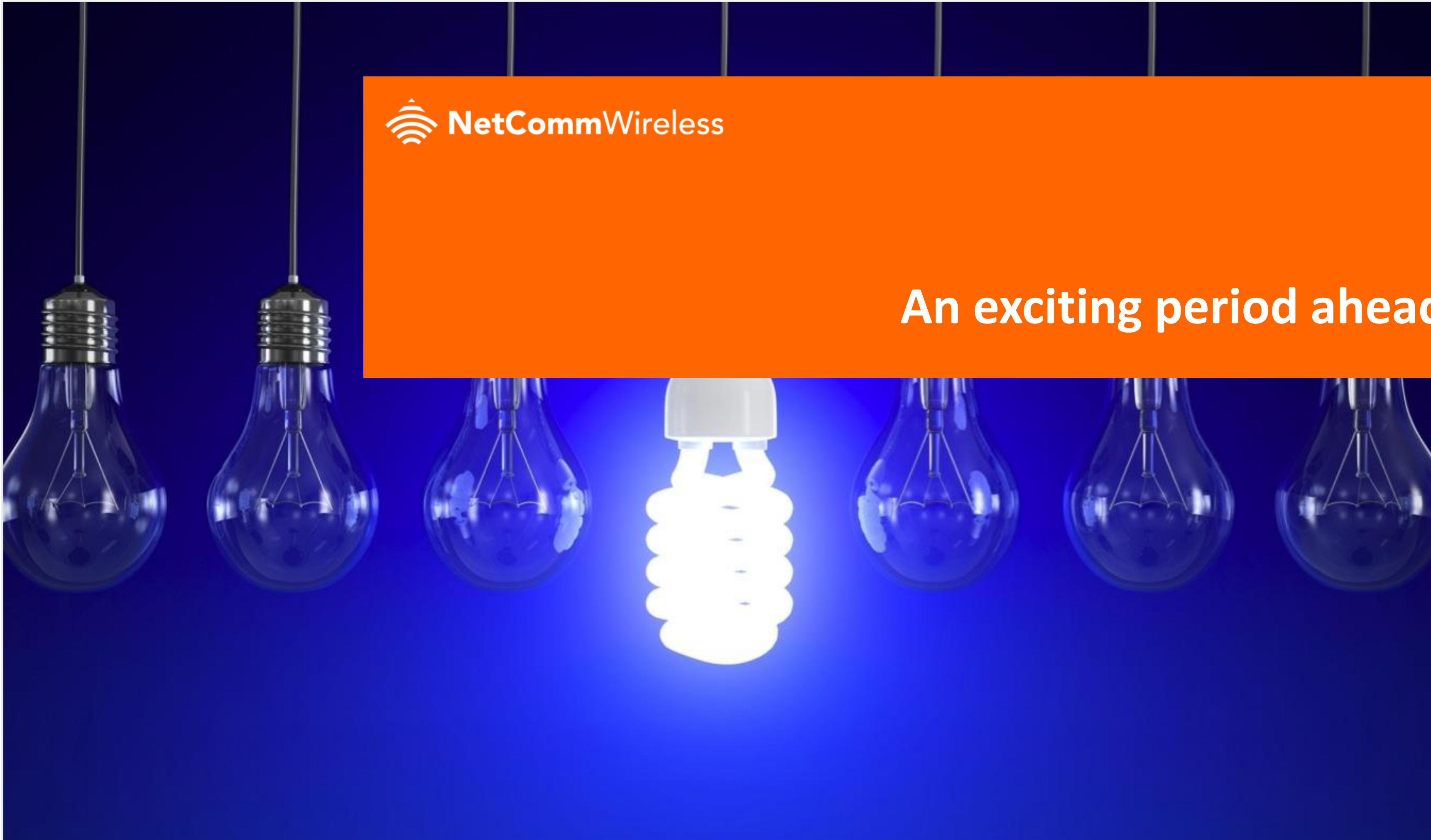
An exciting period ahead



Our Strategy

- Telecommunications Carrier Strategy
  - ✓ Secure agreements with 6 of the top 20 M2M global telecommunications networks
  - ✓ Secure smaller country specific carriers
- Actively pursue selected M2M verticals
  - ✓ Smart metering
  - ✓ ehealth
  - ✓ Building automation (e.g. elevators)
  - ✓ Digital display
  - ✓ "Light Industrial" (Vending/kiosks, POS, ATM etc)
- Rural Broadband
  - ✓ NBN Australia
  - ✓ Overseas opportunities via coat-tail partners
- Partner with large, established M2M players via NTC's "coat tails" strategy
- Open systems approach: Allow "best of breed" partnerships
- Customise solutions to meet individual customer requirement
- Invest appropriately in product development and sales to fund growth

Investing for Growth

Well placed to execute on global growth ambitions

- Existing hardware and software platforms facilitate rapid product development at low incremental cost
  - Scalable production capacity demonstrated in FY14 by ability to ramp up production to meet orders under the smart metering contract
- Ongoing investment required for R&D
  - $3.7 million spent on R&D during FY14
- In line with stated strategy, investment into engineering resources will increase during FY15 to organically grow the business
- Given the number of exciting opportunities available to NetComm, the dividend remains deferred until deemed prudent
- While it is too early to provide guidance for FY15, volumes from the Ericsson/NBN contract, and from other sales activities in the pipeline are expected to build substantially in FY15 and beyond,
  - With a time lag between contract and delivery, spreading some of the benefit to later reporting periods

A growing pipeline of new opportunities that would be transformational for NTC

Smart metering

- **Europe:** Three opportunities being pursued
- **Middle East:** Two opportunities being pursued
- **Australia:** Existing contract with Ericsson and two other opportunities being pursued
- **USA:** A trial is currently in progress
- The average deal size for the above opportunities, which would be delivered over multiple years, may exceed 1,000,000 units each

Rural broadband

- The NBN opportunity in Australia (currently contracted) has been revised upwards by NBN
- Other RBB opportunities are being pursued in Europe and USA. These involve substantial volumes and leverage off the NBN contract

Focus verticals

Elevators | Medical equipment | Digital signage | Remote monitoring

2G switch off | Industrial automation | Kiosks & vending | Remote healthcare

QUESTIONS

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Thank you