

NETCOMM PRODUCES ANOTHER RECORD RESULT

19 February 2016 (Sydney): NetComm Wireless Limited (ASX: NTC) is pleased to announce its results for the six months ended 31 December 2015 (1H16).

Commenting on the result, NetComm Wireless CEO Mr David Stewart said: “Over the first half of the 2016 financial year, we have executed to plan. The Company generated another record result across all key metrics, with the mix of earnings continuing to evolve to M2M.

“In addition, a Master Purchase Agreement for a fixed wireless regional broadband solution was signed with one of the two largest USA based telecommunications carriers.”

1H16 highlights

- Revenue up 53.7% to \$46.4 million (1H15: \$30.2 million)
- Earnings before interest, tax, depreciation and amortisation (EBITDA) up 123.5% to \$5.1 million (FY15: \$2.3 million) – achieved after business reinvestment of \$2.0 million
- Net profit after tax up 538.9% to \$2.3 million (1H15: \$0.4 million)

NetComm Wireless also early adopted AASB15 Revenue from Contracts with Customers. This resulted in the capitalisation of \$2.1 million of people related costs associated with the Company’s recent major USA Fixed Wireless Regional Broadband contract win. This capitalisation of \$2.1 million is in addition to the \$2.0 million business reinvestment referred to above.

Further commenting on the result, Mr Stewart said:

“The rapid growth delivered by NetComm Wireless over the first half was underpinned by the continued successful execution of the Company’s global growth strategy. Over the past six months, the roll out of the fixed wireless component of the NBN in Australia increased pace and NetComm Wireless signed a Master Purchase Agreement for a fixed wireless regional broadband solution with one of the two largest telecommunications carriers in the US.

“We were particularly pleased with the pace of the roll out of our Ericsson/ NBN contract as fixed wireless broadband penetration to households in rural and regional Australia continues to accelerate. The success of this roll-out is opening opportunities for NetComm Wireless to further grow its relationship with Ericsson and NBN Co.

“Reflecting this growth, revenue was up 53.7% to \$46.4 million, while our M2M business accounted for a record 67% of group sales during the first half of this financial year. We expect this trend to continue as the pace of the roll-out continues to increase and we pursue other opportunities globally. While our focus is on growing our fixed wireless regional broadband and M2M business, the Company’s base business is expected to continue providing revenue of around \$30 million per annum.

“The first half result also allowed us to get a glimpse of the scale potential of NetComm Wireless’ business. While revenue was up 53.7%, earnings were up 123.5% to \$5.1 million even after reinvesting \$2 million back into the business and net profit after tax was up 538.9% to \$2.3 million.”

Focused on investing for growth

Given the significant global growth opportunities available to NetComm Wireless, the Board remains focused on retaining cash for business reinvestment and has decided it will not pay an interim dividend for 1H16. NetComm Wireless’ dividend policy will be reinstated as soon as it is deemed prudent.

Positive outlook with continued growth expected

Having invested in people and infrastructure and having delivered M2M contract wins in recent periods, NetComm Wireless expects continued future growth. Commenting on the outlook, Mr Stewart said:

“Given the Company’s scalable business platform, our growing revenue profile will drive even greater growth in future earnings, some of which will be reinvested back into the business to ensure we can capture the very attractive global growth opportunities we are now seeing.

“We expect to see volumes from the Ericsson / NBN contract further accelerate in the 2017 financial year, at which point we anticipate revenues from the recently signed regional broadband agreement in the US will start to flow. NetComm Wireless is also leveraging strategic partnerships with global telecommunications carriers to progress a number of other M2M opportunities and if successful this will underpin further long term growth.

“Having laid the ground work via investments in our people and platform, NetComm Wireless is positioned strongly for the next phase of its growth. We are entering a very exciting period in the Company’s history that should drive further growth in shareholder value.”

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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 33 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