

06 February 2017

ASX ANNOUNCEMENT

Senetas Corporation Limited – Market Update

The Board of Senetas Corporation Limited (ASX:SEN) (Senetas / the Company) provides the following market guidance in relation to its financial results for the half year ended 31 December 2016 (HY2017).

Following confirmation of the December 2016 sales results from the Company's major distribution partner, Gemalto, Senetas now expects to make a Net Profit Before Tax of between \$1.25m and \$1.3m for HY2017. (HY2016: NPBT \$1.8m)

Senetas has previously informed the market that a number of its largest customers were undergoing network upgrades that may have an impact on both the timing and quantity of sales in the near term, in particular relating to the phase out of SNET encryptors and the timing of customer network readiness for implementation of Senetas' new 100G ultra-high-speed encryptor. The HY2017 result reflects the impact of disrupted ordering patterns for other Senetas products from those customers whilst they complete their network infrastructure upgrades. The Company continues to expect these sales impacts to be temporary and that they will reverse as the network upgrades are completed.

The precise timing for completion of customers' network upgrades is uncertain; however, current expectations are that FY2017 Net Profit Before Tax will be between \$5m and \$6m (FY2016: NPBT \$7.0m), and Net Profit After Tax between \$3.4m and \$4.2m. Sales to Senetas' largest customers are typically lumpy and for a large dollar value so a return to more normal customer ordering patterns earlier or later than currently anticipated will influence FY2017 profitability.

Senetas continues to expect initial sales of the new ultra-high-speed 100G encryptor will commence very late in FY2017 and progress on development of Senetas' other new products and growth initiatives continues as planned. A more detailed update on these initiatives and further information in relation to the results for the half year ended 31 December 2016 will be released with the Appendix 4D, Half Year Report and announcement on or before 27 February 2017.

END.



NATO Classification
Restricted - Green

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ABOUT SENETAS CORPORATION LIMITED

Senetas is an Australian public listed company (ASX: SEN) and leading developer and manufacturer of certified high-assurance encryption hardware; dedicated to protecting network transmitted data without compromising performance.

Senetas encryptors provide dedicated robust end-to-end encryption using state-of-the-art 'client-side' encryption key management. They are a first choice of government and commercial organisations and communications service providers requiring maximum data protection.

Although the serious risks to network data security have been underestimated until revelations of catastrophic security breaches among major commercial and government organisations; Senetas encryptors have protected much of the world's most sensitive information for nearly 20 years.

Certified by leading independent certification authorities, such as Common Criteria, FIPS, CAPS and NATO, Senetas encryptors are certified as "suitable for government and defence use".

Compatible with all Layer 2 Metro Area and Carrier Ethernet networks, Senetas encryptors support all Layer 2 protocols and topologies.

Senetas encryptors protect Cloud and data centre services; government information and secrets; commercially sensitive intellectual property and business secrets; citizen identity and privacy; defence and military information; business and financial data and banking transactions; data centre traffic and CCTV networks; and critical industrial and infrastructure systems.

All Senetas encryptors are designed, developed and manufactured in Australia. They are distributed globally to channel partners and customers by Gemalto, the world's largest data security company. Gemalto also provides a global customer support network.

With their leading security and network performance characteristics, Senetas encryptors are trusted to protect network transmitted data in 30 countries.

Senetas customers include global market leading enterprises and Cloud service providers; government organisations with highly sensitive information, such as the US defence forces; national utilities; commercial and industrial organisations; banks and global financial transactions systems providers.

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