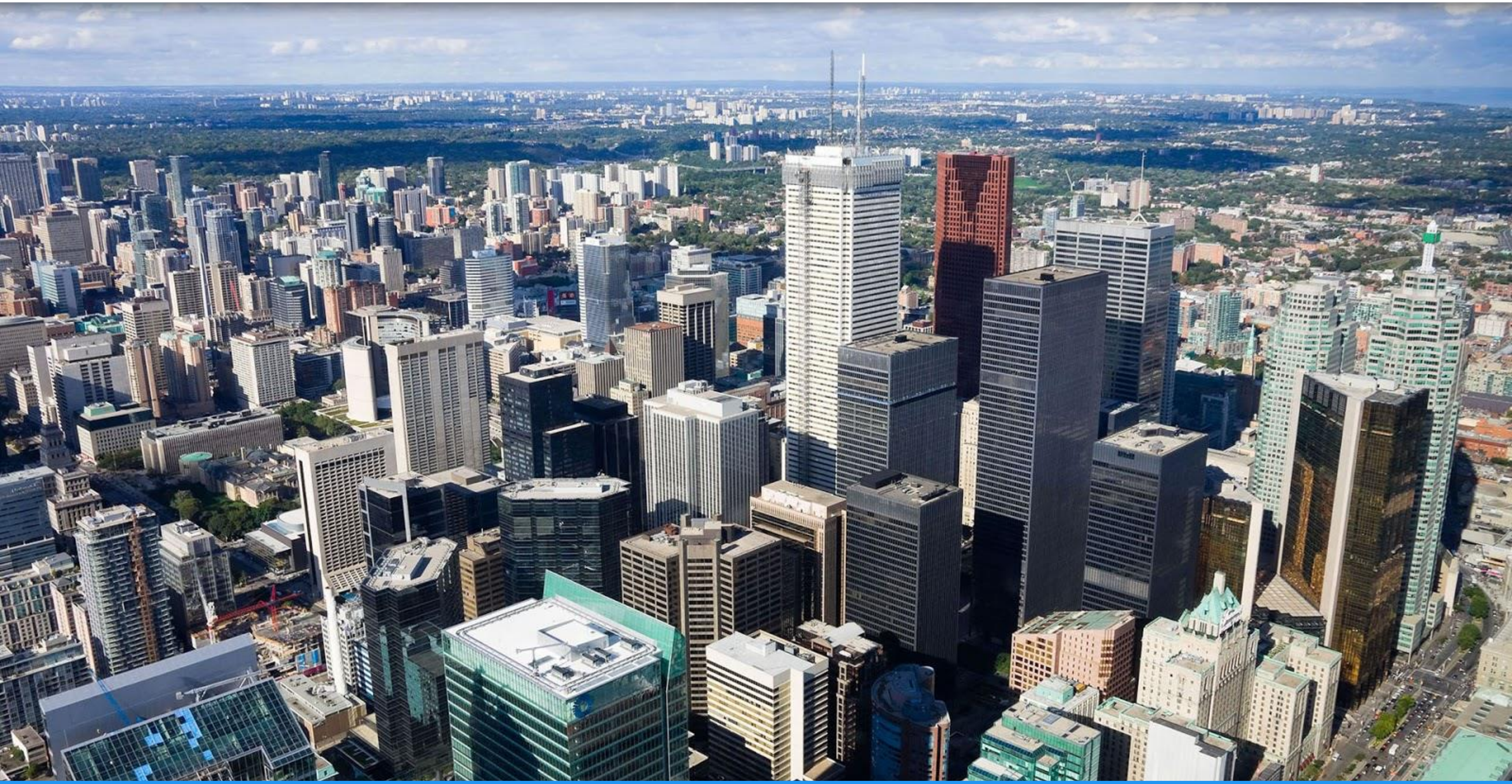
31 July 2018



Plover Bay Technologies Limited (1523 HK)
Interim Results 2018

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What is SD-WAN?

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SD-WAN is Smart Connectivity

Plover Bay's SD-WAN technology offers:

- **SpeedFusion** – Combine bandwidth from multiple network connections to form a high speed network
- **Unbreakable Connectivity** – Multiple connections means when one is down, others instantly take over so that network session is persistent
- **Mobility** – Extend office network to outdoor and mobile environment
- **Optimize data traffic** – algorithm prioritizes data traffic according to importance of application
- **Centrally managed via Cloud** – saves time and cost of on-site maintenance

SD-WAN – A Fast Growing Market

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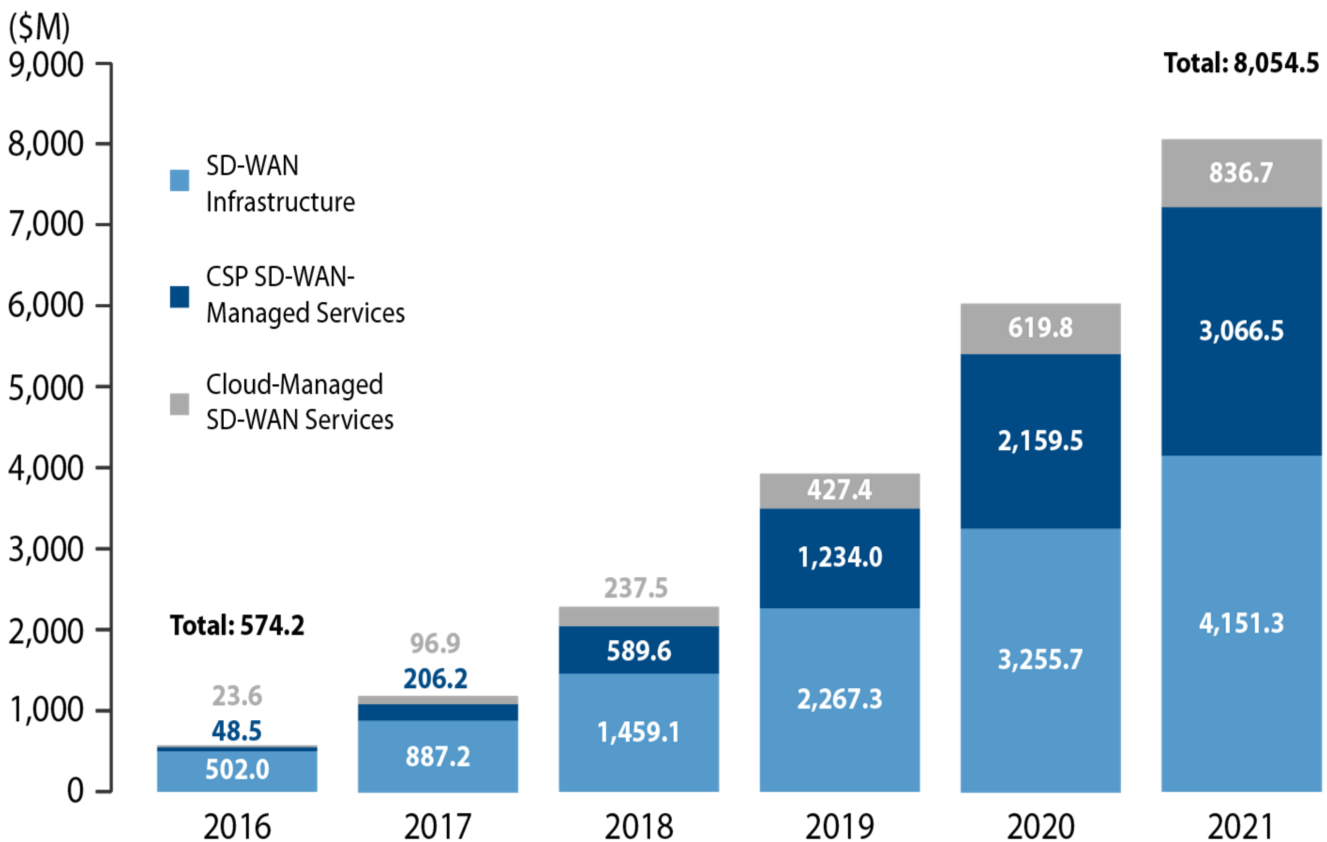
SD-WAN will be a US$ 8 billion market by 2021

(based on end customer selling price)



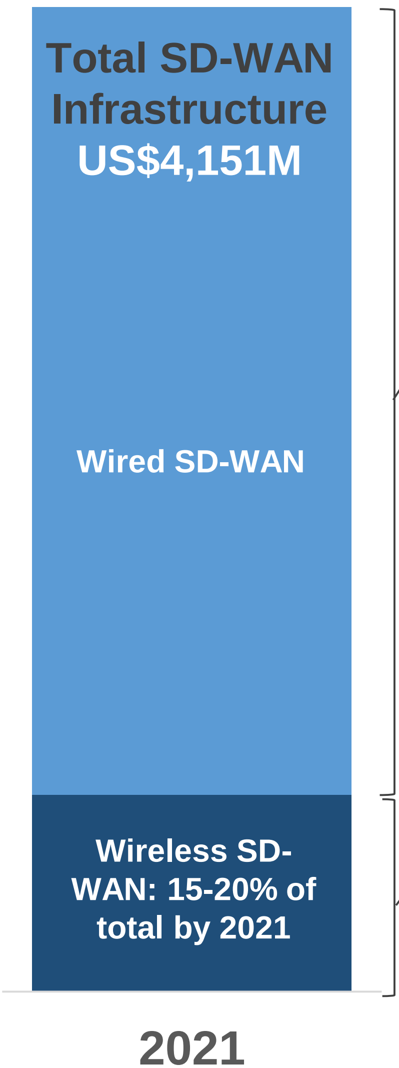
Source: IDC, 2017

Drivers of SD-WAN

- Network cost reduction
- Internet of Things
- Data analytics
- Data traffic growth

Market Landscape: Wired vs Wireless SD-WAN

Wireless Is the Future for SD-WAN Routers



Wired – the current mainstream market

- VMWare VeloCloud (acquired in Nov 2017)
- Cisco Viptela (acquired in March 2017)
- Versa Networks
- Talari Networks
- Aryaka Networks
- Silver Peak
- Aerohive
- Citrix Netscaler
- Nuage (Nokia)
- Elfiq
- Ecessa
- Cisco iWAN
- Cisco Meraki
- **Plover Bay Technologies (1H18: 21% of revenue)**

Wireless – The future's mainstream

- Cradlepoint
- Sierra Wireless
- Icomera (acquired by Engeo S.A in July 2017)
- Mushroom Networks
- **Plover Bay Technologies (1H18: 54% of revenue)**

Plover Bay market share in Wireless SD-WAN (2017): 20%

Wireless vs Wired

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Wired-SD WAN	Wireless SD-WAN
Limited to office / indoor deployments	Deploy anywhere
Low barrier of entry	Multiple certifications for different telecom operators Industrial standards requirement
Software provides differentiation	Purpose designed hardware Integration of Software and Hardware
Potential markets: Enterprise and industrial	Potential markets: Public safety, Enterprise branch, Industrial automation, Transport, IoT, Smart City, Government, etc

New Opportunities

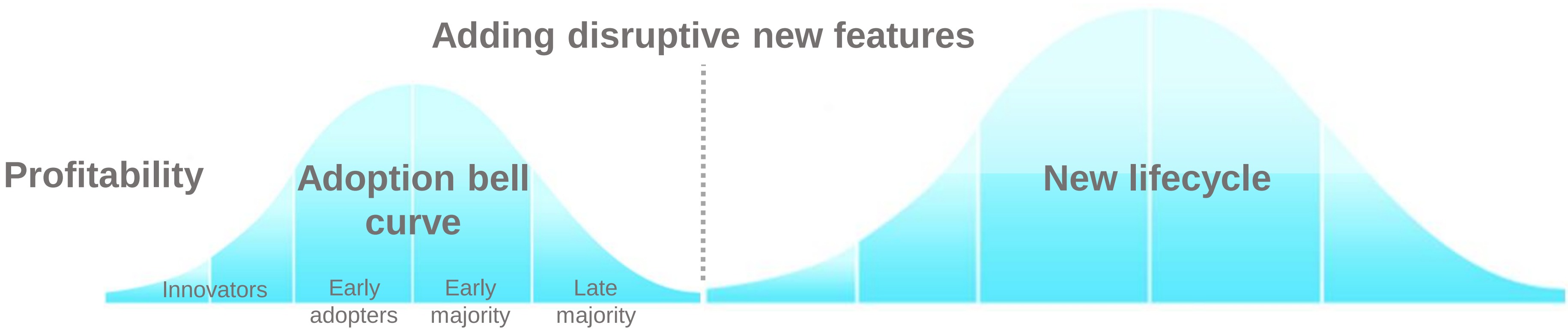
- Potential customers keen to embed Plover Bay's SD-WAN technologies into their products
- Leading names in maritime satellite telecommunications, luxury recreational vehicles and IT equipment and services
- New platform of growth in addition to network of distributors and system integrators

New Products: FusionSIM

- Pre-package mobile data from multiple carriers to maximize the benefit of SpeedFusion
- Enhances coverage and quality of service for managed service providers (MSP)
- One-stop, hassle free deployment for end-customers
- Highly reduced upfront equipment cost, opening up new market opportunities
- New recurring revenue stream and high margin business

New Brand - Pepxim

- Marks our entry into IoT space
- Building blocks for a smart office, simplify administration and save costs
- Use software & cloud to disrupt traditional, well-adopted products
- Products: PepSign, Smart Reader, SD-Switch, SD-PMU, IoT Cloud



Complete Range of Products for SD-Branch

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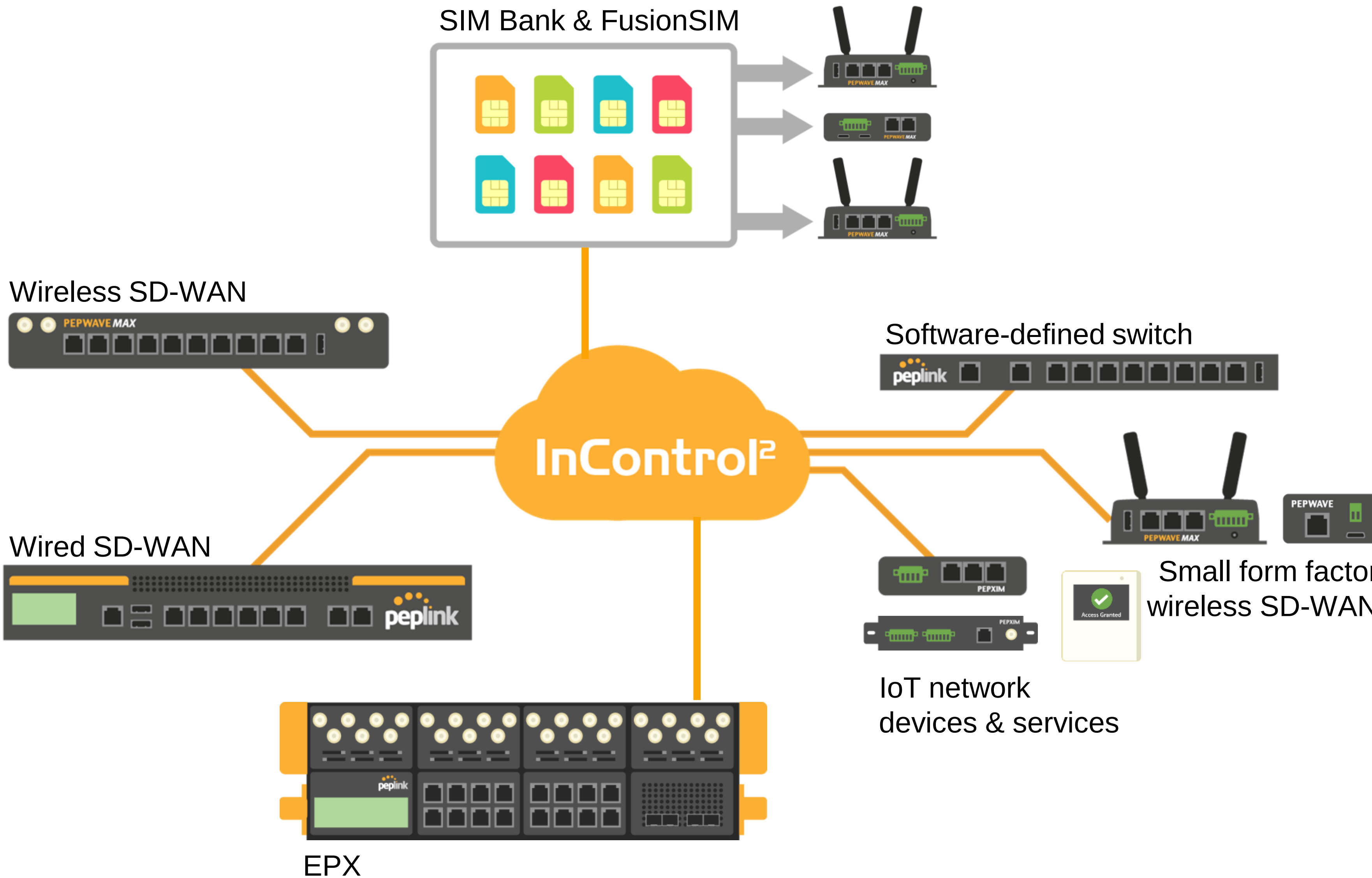

Going Beyond SD-WAN Routers

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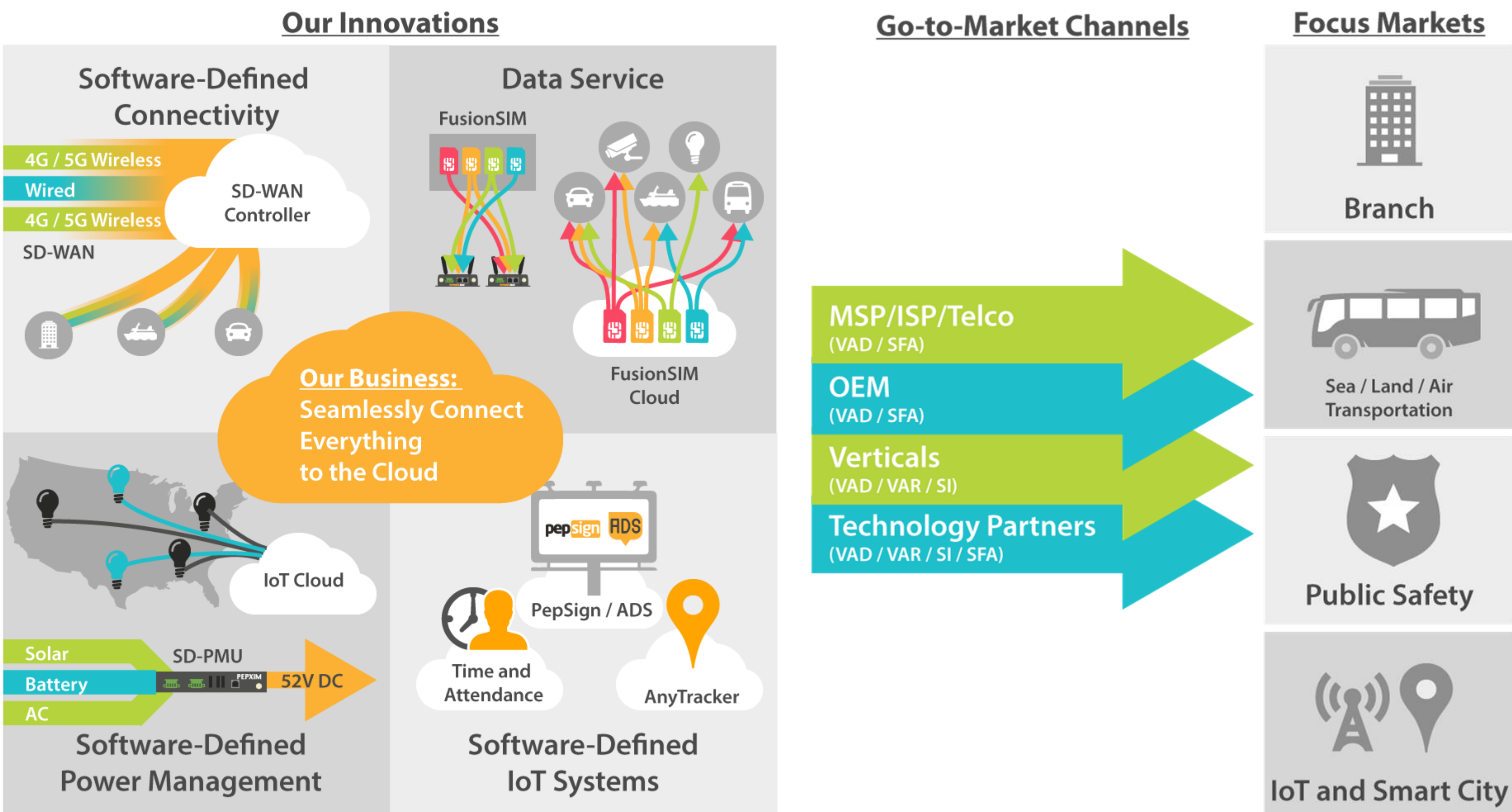

Further enhancing our competitiveness

- Expanded operations team in Taiwan with focus to drive down production cost, improve sourcing capabilities and expand supplier base
- Improve production planning and procurement processes
- Work closely with supply chain in Taiwan to further strengthen our competitiveness

Trade War – Turning Challenge into Opportunity

- Routers from China origin are subject to 10% tariff, according to list of goods proposed by US Trade Representative on 11 July 2018 (subject to hearing on 30 Aug 2018)
- How this impacts us - Since 2016, we parallel run low to mid-end products in both Taiwan and a PRC factory (operated by a Taiwanese OEM) to lower cost and diversify against risk of disruption
- Negligible impact in the short-term
- Taking actions to mitigate long-term impact – in progress to shift all US-specific models to Taiwan, and non-US models to the factory in PRC

Financial Highlights

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Six months ended 30 June (USD'000)	2016	2017	2018	YoY Change
Revenue	12,033	17,788	**19,728**	*+10.9%*
Gross profit	7,923	10,502	**12,449**	*+18.5%*
Operating income	3,981	4,992	**5,797**	*+16.1%*
Reported net profit	2,801	4,135	**4,743**	*+14.7%*
Non-GAAP net profit	3,338	4,573	**5,156**	*+12.8%*
Gross profit margin (%)	65.8%	59.0%	**63.1%**	*+4.1ppt*
Reported net profit margin (%)	23.3%	23.2%	**24.0%**	*+0.8ppt*
Diluted EPS (US cents)	0.37	0.41	**0.45**	*+9.8%*
Dividend per share (HK cents)	1.74	2.58	**2.92**	*+13.2%*

- Please see page 16 for details on Non-GAAP net profit

Revenue Breakdown

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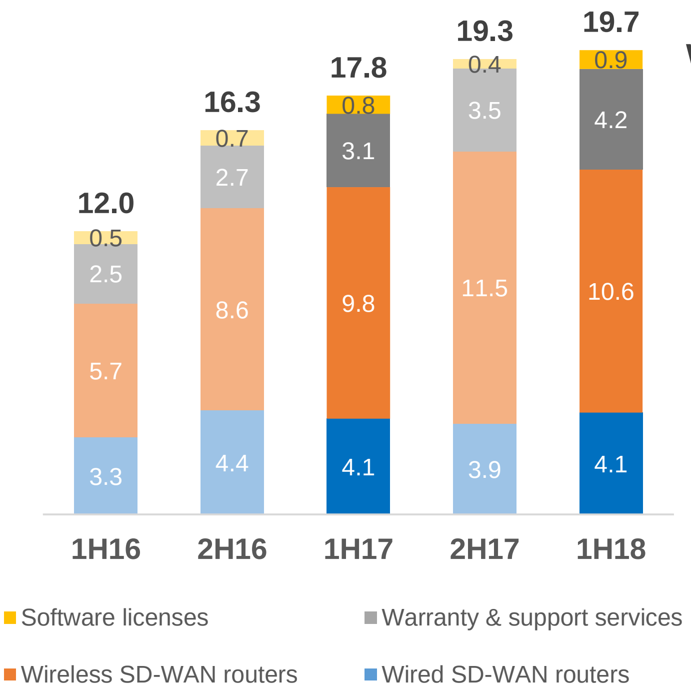
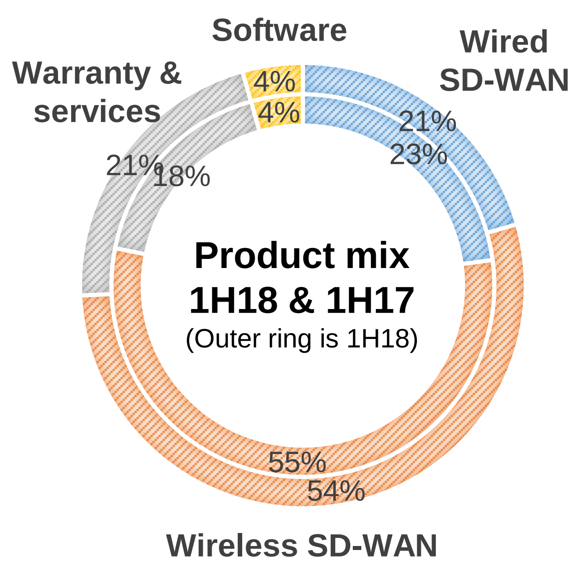
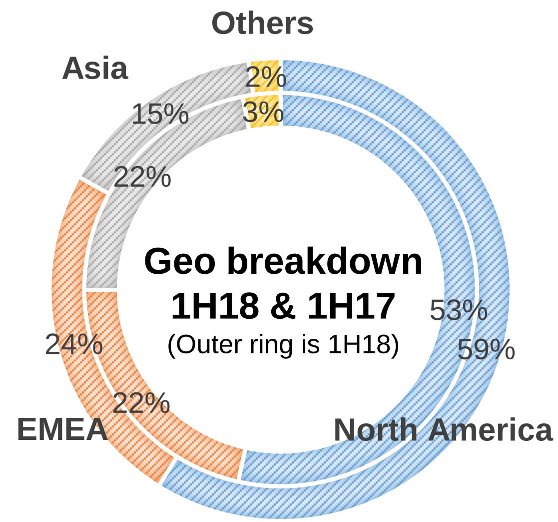
Revenue by product
(USD millions)







- Overall revenue growth of 10.9% YoY
- Sales to North America and EMEA grew 22%/25% YoY, Sales to Asia slowed down 26% mainly due to delay of a project in Malaysia
- Recurring revenue from warranty & cloud service subscriptions expanded 35% YoY

Gross Profit Margin Breakdown

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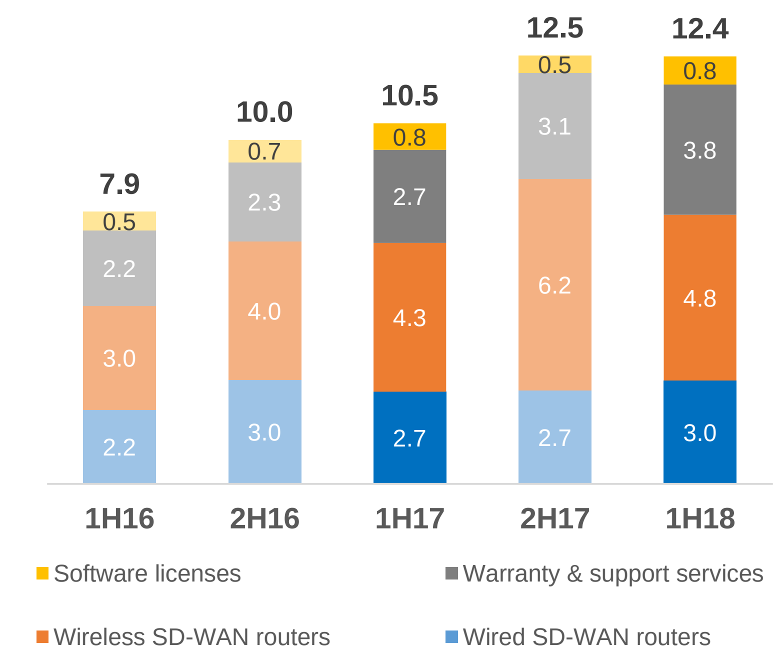
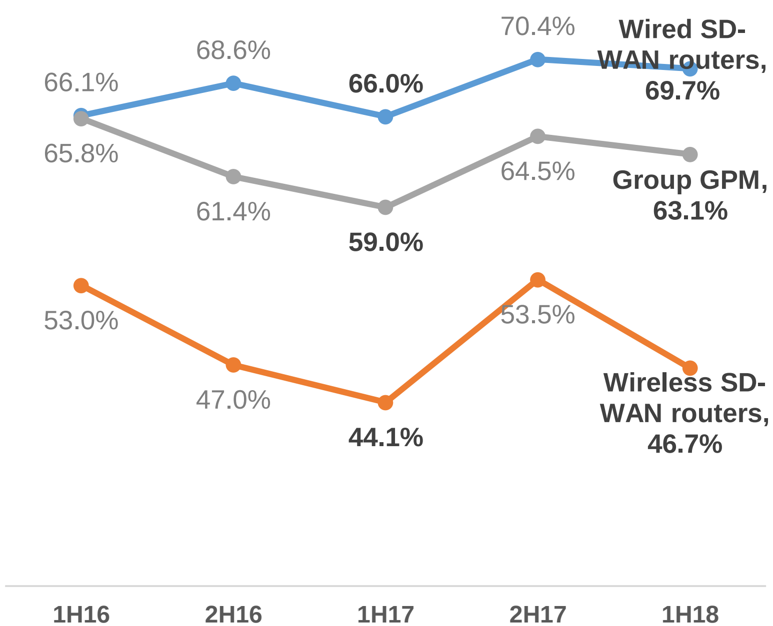
Gross profit by segment

(USD millions)



Gross profit margin by key segments



- Gross profit margin remains healthy at 63.1% (1H17: 59.0% / 2H17: 64.5%)
- Product level GPM trending flat to slightly rising – effective procurement strategies helped offset component cost increases

Operating Expenses Breakdown

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Six months ended 30 June	USD'000 2017	2018	Percentage of revenue 2017	2018
Other operating income:				
Other income & gains, net	369	83	2.1%	0.4%
Operating expenses:				
Selling & Distribution	637	1,058	3.6%	5.4%
Admin expenses	1,974	2,166	11.1%	11.0%
R&D expenses	3,268	3,511	18.4%	17.8%
Total operating expenses	**5,879**	**6,735**	**33.1%**	**34.1%**
Includes: Share option expenses	*438*	*413*	*2.4%*	*2.1%*

- Overall rise in operating expenses is due to increased marketing and promotion expenses and overall salaries
- Other income & gains decreased as (i) we reduced sales of parts to contract manufacturers compared to 1H17 in order to reduce inventory of raw materials, and (ii) foreign exchange losses in 1H18 vs gain in 1H17

Net Profit, EPS and Dividend

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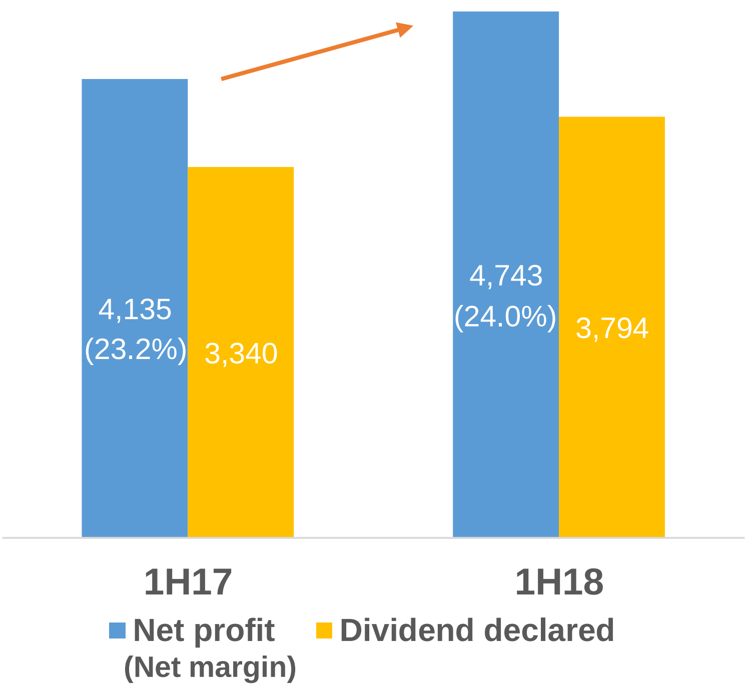
6M ended 30 June (USD'000)	2016	2017	2018
Net profit	**2,801**	**4,135**	**4,743**
+ Listing fees	537	-	-
+ Stock option	-	438	413
Non GAAP Profit	**3,338**	**4,573**	**5,156**
EPS data (US cents)			
Basic	**0.37**	**0.41**	**0.47**
Diluted	**0.37**	**0.41**	**0.45**
Dividend			
DPS (HK cents)	**1.74**	**2.58**	**2.92**
Payout ratio	**80%**	**81%**	**80%**

14.7% net profit growth



- Net profit margin improved to 24.0% (1H17: 23.2%)
- Declared interim dividend of HK 2.92 cents (1H17: HK 2.58 cents)

Strong Free Cash Flow Generation

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Cash flow highlights 6M ended 30 June (USD'000)	**2016**	**2017**	**2018**
Cashflow from operations	3,390	1,160	11,259
Cashflow from investing	(446)	(1,297)	(472)
Free cash flow	2,944	(137)	10,787

Working capital highlights (USD'000)	**30 Jun 2017**	**31 Dec 2017**	**30 Jun 2018**
Trade and other receivables	6,331	9,476	6,109
Trade and other payables	1,100	2,630	1,301
Inventories	8,970	11,629	10,090
Net cash	16,185	14,803	21,179

- Strong improvement in cashflow from operations partly due to improvement in the collection of trade receivables and inventory control during the period plover bay

Q&A

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